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FINANCIAL TIMES

No. 27,647 Saturday August 26 1978 15p

WIPAC
IGNITION LIGHTING FILTRATION

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Ptas 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Carter faces postal strike

Leaders of the U.S. postal services, two largest unions, have been mandated to call an illegal nationwide strike unless pay negotiations are resumed early next week.

Postal workers have rejected a proposed three-year pay settlement, but it is not yet clear if their leaders will call a strike, thus inviting the postal service to seek a court order forcing them to order normal working.

The potential disruption is only one aspect of the problem for the Carter Administration. It is also anxious to avoid a repetition of the blow the miners delivered to its anti-inflation policy earlier this year. *Back Page*

Hess freedom hijack mystery

A TWA airliner with nearly 90 people aboard was safe in Geneva yesterday after what appeared to be a hijack attempt to free former Nazi leader Rudolf Hess and Sirhan Sirhan, Robert Kennedy's assassin.

Swiss police searched for a mystery man in a wig who held the airliner for more than 11 hours under a threat to blow it up. While the plane's lights were dimmed for a film, he gave a stewardess two letters for the captain, which claimed that six hijackers were aboard and that the airliner would be blown up if Hess and Sirhan Sirhan were not released.

When officials finally boarded the plane, they found no armed men but passenger identity checks were continuing early today.

Base patrols

The British Army increased mobile patrols round its Moenchengladbach headquarters in West Germany after a bomb was found in a hired car outside the base shopping centre. At Crossmaglen, South Armagh, 15 mortar bombs were fired at an army base.

Smallpox suspect

A woman who works in the anatomy department at Birmingham Medical School is suspected of having smallpox. She is being held in an isolation ward and eight other people have been vaccinated and quarantined.

Carnival plans

London police chief Sir David MacNee yesterday said he would send no more policemen to the Notting Hill carnival than were "absolutely necessary to keep the peace."

Panama asylum

Panama has granted political asylum to the 25 left-wing guerrillas who fled from a recent National Palace on Tuesday. The rebels said they wished to stay in Nicaragua and continue their campaign against the Nicaraguan Government. *Page 2*

Conclave starts

Roman Catholic cardinals were seated in the Sixtine Chapel yesterday as they began their conclave to elect a new Pope. First voting will take place today and the first news the world will receive will be the traditional smoke signals from ballot papers burned in the Sixtine stove. *Page 2*

Briefly...

Thick fog on the River Seine hampered fishermen yesterday as they broke up the wreck of a capsized British tanker, Mary Weston, in which five crewmen died.

London's City Corporation has received an application for the city's first helicopter. The "helicopter" would be off the Line Stairs, between Southwark and Blackfriars bridges.

Former President Richard Nixon will preside over a \$250-a-head Republican fund-raising dinner at his San Clemente home.

Lord's Test: England are 175-2 in their first innings (Bradley 75 n.o., lower 55 n.o.) in reply to New Zealand's 339.

CHIEF PRICE CHANGES YESTERDAY

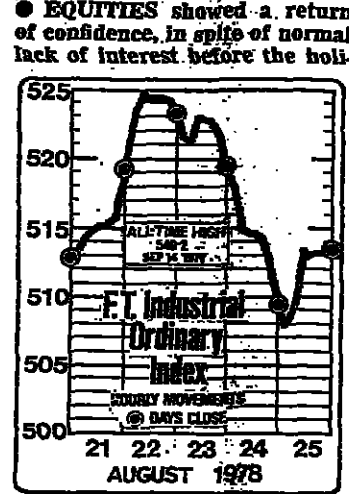
(Prices in pence unless otherwise indicated)

Treasury 91pc 100/105	+3	Magnum & Southern	227 + 5
Bank of England	718 + 8	Newmarket (L)	114 + 4
Blue Circle	286 + 6	Peter Pan Biscuits	60 + 10
Brown (J)	472 + 13	Wood (S.W.)	43 + 5
Burton A	167 + 4	Zenith A	104 + 5
Calsonic	340 + 7	EZ Industries	275 + 10
Elys (Wimbledon)	263 + 3	Funerential	547 + 10
Hawker Siddeley	244 + 6	Poko-Wallend	545 + 15
ICI	406 + 6	Compton & Webb	40 + 6
Lonrho	63 + 5	Hoffmann (S)	30 + 7
Lowell (G)	43 + 5	Peppers	422 + 8
Lyons (L)	123 + 9	Beers Delft	67 + 7
MPF Furniture	120 + 5	Yukon Cons.	180 + 3

BUSINESS

Equities firm: gold lower

EQUITIES showed a return of confidence, in spite of normal lack of interest before the holiday.



The FT Ordinary Index closed 4.1 up at 515.4, making a net rise of 0.5 in the first week of the month.

GILTS gained in places and the Government Securities Index closed 0.01 up at 70.66.

STERLING fell 35 points to \$1.9270, and its trade-weighted average remained unchanged at 62.2. The dollar, which made early progress, raised a little in the afternoon but its depreciation narrowed to 8.7 (9.2).

GOLD fell \$2 1/8 to \$198 1/2 in London \$12 down on the week, and in New York the Comex August settlement price was \$198.40 (\$200.50).

WALL STREET edged 1.32 down at \$95.53, in moderately active trading.

DEPARTMENT of Energy is opening discussions with a number of North Sea oil companies with a view to taking some of its 12 1/2 per cent royalties on crude oil in oil rather than cash in the second half of next year. *Back Page*

AUSTRALIAN Government has reached agreement with Aboriginal tribesmen in the Northern Territory which will allow work to start on the Ranger uranium project. *Back Page*

U.S. TREASURY officials have confirmed that large foreign currency drawings from the IMF are being considered, but said that no firm policy decisions had yet been made. *Back Page*

BRITISH AIRWAYS is to lease a jumbo jet from a group of Japanese companies as part of a \$500m aircraft leasing programme started by Japan to raise imports and reduce the country's trade surplus with the rest of the world. So far 21 other airlines have applied to join the leasing scheme. *Page 2*

J. SAINSBURY and Tesco supermarket chains are beginning to pull ahead of other multiples in the High Street battle for a greater share of the grocery market. *Page 15*

JUNIOR CARLTON CLUB has been bought by an unnamed foreign company for just over £1m. *Page 15*

LABOUR

SOUTHAMPTON dock labour force have voted on a mass walk out in support of disputes affecting cargo and passenger handling. *Page 3*

THE Clothing Manufacturers Federation has reached a national wage agreement within the Government's 5 per cent guidelines in talks with the National Union of Tailors and Garment Workers. Meanwhile the Burton Group has told unions it will cut its workforce to about 2,700. *Page 3*

COMPANIES

S. PEARSON and SON attributable net profit for the half year to June 30 were 18.3 per cent up at £7.5m (\$8.5m). **PEARSON LONGMAN** pretax profits were £11.9m (\$21.6m) for the first half-year of 1978. *Page 14*

S. HOFFMANN pretax profits for the year March 31 fell from a peak of £4.53m to £2.78m, after second half profits were more than halved from £2.54m to £1.21m. Turnover was £105.3m (£108.3m). *Page 14*

Disputes endanger Scottish plant BL warns unions

BY NICK GARNETT, LABOUR STAFF

Unions were warned by BL management yesterday that the company will not continue to operate its Bathgate truck and tractor plant in Scotland unless there is a quick and dramatic improvement in industrial relations.

The Board of Leyland Vehicles called for an urgent meeting yesterday that production had been running at about 60 per cent of target, more than 5,000 vehicles were lost in the first seven months of this year because of stoppages and other unofficial actions and some valuable export orders were threatened.

The company's firm stand was given on the eve of a meeting of 1,500 machine operators who have been on strike for three weeks.

The vulnerability of Bathgate, which employs about 6,300 from the Edinburgh area, was emphasised last month by Mr. Michael Edwards, BL chairman, who told local union officials that the secure future of the plant depended upon an end to unofficial disputes and restrictive practices.

This is in spite of a £45m investment programme for the three years up to 1980 covering Bathgate and the Albion truck plant near Glasgow.

Bathgate, which produces tractors medium and light trucks above 34 tons and diesel engines for those vehicles, is a loss-maker.

Halt threat

National officials of the Amalgamated Union of Engineering Workers are due to go over the heads of shop stewards today and appeal directly to strikers to return to work. The strike over a pay claim for working new machinery has almost halted production at Bathgate.

Truck building at the Albion plant, which is dependent on cabs produced at Bathgate, will be halted within about a fortnight if the strike goes on. That would mean 2,000 or more layoffs there.

Mr. Pat Lowry, BL's corporate director of personnel, who said

Allied agrees to meeting to discuss Lyons offer

BY CHRISTINE MOIR

A LAST-MINUTE compromise has been hammered out between Allied Breweries and the pension funds.

Following a meeting between Mr. Keith Showering, chairman of Allied, and pension fund leaders yesterday morning, Allied has volunteered to call a shareholders' meeting "to discuss the offer" for J. Lyons and Company.

In return the funds have called a halt to their moves to force a meeting.

Instead of the resolution proposed by the special committee of the pension funds, which would have required Allied to get shareholders' approval before issuing shares to buy Lyons, the meeting will now simply be asked to "note with approval" the bid on the original terms and conditions.

Such a resolution would have no legal significance as far as the bid is concerned, whereas the original motion drafted by the pension funds would have introduced a new condition into the bid.

Yesterday Mr. Hugh Jenkins, chairman of the special committee set up to voice the fund's concern, said that he welcomed Allied's offer of a meeting. "What we wanted was a public debate," he said, "and we have now got that."



Mr. Hugh Jenkins welcomed offer of a meeting.

The pension funds say their row with Allied was not over whether the company was right to bid for Lyons.

Their complaint was that the directors had undertaken last year not to issue shares in any deal which would significantly change the company's business without first consulting shareholders.

One fund manager pointed out yesterday that there might still be problems if the resolution was not passed at the meeting. However, the City was not taking this seriously yesterday. Lyons' shares rose 9p to 135p on the day compared with an offer price of 164p and Allied's closed 2p down at 84p.

A-plant former staff checks

BY LISA WOOD

RECORDS OF hundreds of plutonium handling areas were checked yesterday by the Atomic Weapons Research Establishment at Aldermaston, Berkshire, as being checked to see if there is any need for those who have previously worked in active areas to be rechecked.

But Mr. George Hughes, chairman of the joint union executive at Aldermaston, which represents more than 2,000 workers, said: "We have asked that all former employees, who have worked in active areas, even those who are now retired, should have whole-body monitoring for plutonium contamination."

The Ministry of Defence said yesterday that the checks were being done as a matter of routine and former employees and their families should not be unduly worried. Former employees who had not worked in

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Air chaos threatens holiday weekend

By David Curry and Lynton McLain

FRENCH AIR traffic controllers began a ten-day work-to-rule yesterday, bringing the threat of mounting chaos at British and French airports as holiday flights build up to the weekend peak.

The daunting outlook, with a repeat of previous delays of up to 48 hours in prospect, became evident as a big security clampdown was launched at London's Heathrow Airport last night.

Security forces at Heathrow, fearing a sudden terrorist attack, were placed on red alert. The Department of Trade ordered all airports managed by the British Airports Authority to close all public viewing areas immediately, including the tops of multi-storey car parks overlooking operational areas.

The directive came less than a week after the Arab attack on an El Al airline bus in Mayfair, London.

The flights worst affected by the French air traffic con-

Unloved gateway of the South, Page 13
Japan to take tough line on hi-jacking, Page 2

trollers' dispute are those from north-west Europe to southern Europe and North Africa. These have to pass through French air space or make expensive detours into zones beyond air traffic control.

The 2,500 controllers have already staged two work-to-rule protests in recent weeks. They are still demanding higher pay and protesting against inadequate equipment.

The work-to-rule means that the controllers refuse to accept more than eight aircraft under their control at any one time—half the normal number.

The controllers yesterday accused the French Transport Ministry of "intransigence." The Ministry accused the controllers of blackmailing passengers and using safety as a camouflage for mercenary claims. The national association of French travel agents asked the French Government to classify it as a "disaster area."

Other French civil aviation personnel, including technicians, are planning to join the strike in support of the controllers. They say they will accept no extra work arising from the controllers' action.

The escalation of the dispute could not have happened at a worse weekend. For the French it is one of the busiest as thousands make

Continued on Back Page

Chancellor optimistic on economy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, Chancellor, yesterday painted an optimistic picture of the state and prospects of the British economy in what amounted to a rehearsal of the main themes of Labour's election campaign.

He claimed that the economy was now in better shape than at most times since the war—refer, in particular to the turn-round in the balance of payments and the reduction in the inflation rate.

Mr. Healey told businessmen in Edinburgh, which he is visiting for the festival that "substantial progress had been made in recent years and he hoped this could be maintained although it might need a further period of office."

He would not be drawn on questions of election timing. He claimed that over the medium term the Government could achieve a steady fall in unemployment and increase in living standards.

Mr. Healey stressed, during his speech and later, what are clearly seen by Labour leaders as the electorally attractive issues of living standards and inflation—saying it seemed possible that the UK could finish 1978 with a lower rate of inflation than either France or the U.S.

"The average family's living standard has increased by over 5 per cent in the past 12 months." While the increase over the next few years could not be as much as this, it would vary from year to year, the Chancellor thought, the annual rise in living standards could be near the post-war average of 2 1/2 per cent.

Mr. Healey claimed that prospects of keeping inflation under control were better than they may have appeared a month or so ago because of the strength of the pound and the likelihood of an exceptionally good harvest, which should keep food prices lower.

The key will be the level of earnings increases in the wage round now beginning. "I believe that the guidelines the Government has set will be respected. I think, along with a growing number of City commentators, that we have a good chance, if we keep moderation and responsibility in wage settlements, of keeping inflation at a single figure right through next year."

Mr. Healey emphasised the brighter side of the recent internal Treasury assessment of the economy.

"Output is increasing in line with the target we set ourselves, as we now look like increasing our gross domestic product by 3 per cent, more than seems probable in Germany."

He did not discuss the probability that the rate of economic

growth will slow from its current pace from later this year onwards—as believed to be indicated by internal Treasury forecasts and by outside projections.

Mr. Healey admitted that "too much of the additional spending power is still going into imported manufactured goods. In part, this is because British industry is not always able to meet increases in demand in time."

He saw here, too, some good signs for the future, citing the general agreement that "manufacturing investment is likely to increase substantially again this year and next."

Foot warns on Joseph policies

A WARNING that the economic policies advocated by Sir Keith Joseph, Mr. Thatcher's leading policy adviser, would lead to unemployment of the scale of the 1930s was given last night by Mr. Michael Foot, leader of the Commons. Mr. Joel Barnett, chief secretary to the Treasury, said that thinking people recognised that the Tories did not offer constructive solutions and their policies could lead only to worsening unemployment. *Page 3*

Mr. Healey discussed the economic and industrial record of the Government in Scotland. In particular, he emphasised that "it is a vital economic interest of the Scottish people that they should not be cut off in the industrial field from the rest of the UK."

"As I am arguing with my colleagues in the European Community, a currency union, still more an economic union, must require a steady flow of resources from the wealthier parts of the union to those which are less wealthy."

"The success of the UK's internal common market depends on this."

PUBLISHER'S NOTICE

The Financial Times will not be published on Bank Holiday Monday, August 28.

£ in New York

	Aug. 25	Previous
1 month	\$1.0204-9290	\$1.0200-8310
3 months	0.9400-54 1/2	0.9400-34 1/2
6 months	1.25-110 1/2	1.25-110 1/2
12 months	4.80-4.40 1/2	4.60-4.35 1/2

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OVERSEAS NEWS

Zambians 'held' by S. African troops

LUSAKA, August 25. ZAMBIA SAID, tonight two busloads of civilians had been detained by South African forces near the border town of Sesheke, where Zambians and South African troops have been fighting for the past three days. A Government spokesman said the buses were travelling between two rural areas of Southern Zambia and the occupants had been unaware of the clashes.

At least 12 civilians have been reported killed and six wounded since Zambia announced the South African incursion on Wednesday.

Zambian Foreign Minister Sheke Mwale said this morning fighting was still going on. But he confirmed reports this afternoon said the area was quiet, though it was not known whether the South African forces had returned to their bases on the Caprivi strip of Namibia (South-West Africa).

A Government spokesman said there were several bodies in the hospital at Livingstone, the biggest Zambian town in the region. Medical sources said nine injured civilians, including two children, had been admitted to the hospital. One had been discharged after treatment.

The South African incursion followed a guerrilla attack on South African positions near the Caprivi strip town of Katima Mulilo in which nine South African soldiers were killed, according to officials in Pretoria.

Officials of the South-West Africa People's Organisation (SWAPO) said they had evacuated their bases in the Sesheke area. "When South Africa struck, they found the camps empty."

Meanwhile, in Rhodesia, the military commander in the war against black nationalist guerrillas today denied that he had bought property in South Africa and was planning to leave.

Lieutenant General Peter Walls said he would stay in Rhodesia as long as he was wanted.

Prime Minister Ian Smith denied a similar denial on Sunday amid growing uncertainty among whites about the course of the six-year bush war.

A thousand whites are leaving Rhodesia each month despite strict controls on the export of capital.

Vietnam-China border fight erupts

BANGKOK, August 25. VIETNAM and China reported fighting at a border crossing point inside Vietnam today. Both sides said there were several deaths and many injuries.

Hanoi and Peking agreed the incident occurred in Vietnamese territory, but gave different accounts of what had happened.

Hanoi Radio said a large number of Chinese "hooligans" and border police crossed into Vietnamese territory, killed two Vietnamese border guards and wounded 25 Vietnamese.

China's Hsinhua news agency said four Chinese were killed and dozens seriously injured. It said the incident occurred at Yu Yi Kuan, the "Friendship" border gate on the Vietnamese side of the China-Vietnam border.

Hanoi Radio said the incident occurred when Vietnamese border guards and members of the "Fatherland Front" were helping ethnic Chinese stranded at the border area return to their homes in Vietnam.

More than 2,000 ethnic Chinese remain in Vietnam, and the Chinese government said it was closing its border on July 12, charging that Vietnamese spies were entering China pretending to be refugees.

Syrian soldiers in new clash with Lebanese

BEIRUT, August 25. SYRIAN TROOPS attacked Christian villages in a mountain area north of Beirut today and first reports said 20 Syrians had been killed, according to Right-wing military officials.

They said the heaviest fighting was reported at Deir Billa, 30 miles from the capital. The Syrians were also shelling other villages in the same district.

The Syrians were reported to be using big helicopters to fly troops and ammunition into the area.

The Right-wing officials said 1,400 men belonging to Syria's special forces had arrived near Bhamdoun, east of Beirut, last week.

President Elias Sarkis was reportedly holding urgent talks with Colonel Sami Al-Khatib, commander of the Syrian-dominated Arab peacekeeping force.

The Right-wing Falangist Radio reported clashes over a wide area in the north and the eastern Bekaa valley, and said there were casualties on both sides.

The clashes follow an uneasy two-week truce between Syrian troops and Right-wing militias.

The radio said the right-wing military command was holding an emergency meeting under former President Camille Chamoun, leader of the National Liberal Party.

It said local civilians were resisting the attacks and that fighting was still going on.

The Syrians had earlier set up new fortified positions and road-blocks in the area, it said.

The reports came amid increasing tension in the north after eight people were killed in an ambush yesterday.

The powerful Falangist party said four of its men were among the dead, and it accused members of a rival Right-wing group led by former President Suleiman Franjeh of being responsible.

Mr. Franjeh's son Tony was among 33 people killed in an attack on the northern mountain resort of Ithden by Falangist militiamen on June 13.

Mr. Franjeh's forces are closely allied with the Syrians.

The State-controlled Damascus Radio today repeated charges that the Right-wings were attempting to divide Lebanon and set up their own state, and said Syria "will not hesitate for an instant to strike at all persons and forces which seek to wreck Lebanon's unity and its peace process."

There have been no serious clashes between the two sides since an unofficial ceasefire came into effect about two weeks ago, ending savage fighting in the Christian east side of Beirut.

Political asylum for Nicaraguan rebels

PANAMA CITY, August 25. PANAMA said today it had granted political asylum to 25 Left-wing guerrillas who stormed the national palace in Nicaragua on Tuesday. The guerrillas, who took scores of hostages, fled to Panama last night with 150 sympathisers freed from prison in Nicaragua on their demand.

A Foreign Ministry spokesman said today the guerrillas of the self-styled Sandinista National Liberation Front were still being held at a National Guard barracks at Tinajita, outside Panama City.

The guerrillas said they wished to stay in Panama and continue their campaign against the Government of President Anastasio Somoza, whose family has ruled Nicaragua for 40 years.

Six soldiers died in the 48-hour siege of the national palace in Managua, the Nicaraguan capital. About 40 Congressmen were among the guerrilla hostages held there.

The guerrillas and free prisoners flew to Panama with three Roman Catholic bishops who had acted as mediators.

In Nicaragua, a general strike began today to try to force President Somoza from power. But few workers joined it at the beginning.

Political opponents said the general strike would last until General Somoza falls.

Most shops opened today, public transport was normal and there were no signs of increased security, although there were fewer cars on the streets than usual.

Swedish business executive Kjell Björk left El Salvador today for Europe via Guatemala after being freed by guerrilla kidnappers who held him for 11 days.

L. M. Ericson, head of the local Japanese Government's previous position which placed over-whelming and exclusive stress on the preservation of life.

A final clause calls for public understanding and co-operation in the execution of the new policies—an admission that the tougher stance towards guerrillas may not necessarily be popular with public opinion.

Japan attracted international criticism for its handling of last autumn's Dacca hijacking, in which Red Army Faction members took over Japan Air Lines aircraft and threatened to blow it up unless the Government paid a \$6m ransom and released specifically identified Red Army members from Japanese prisons.

The Government accepted the hijackers' demands and arranged for them to be flown to Algeria along with the released prisoners.

Japan plans to form a 100-member police task force next year to protect nuclear facilities from guerrilla attack, Reuters reports. Japan's 34 nuclear power plants and research institutes are currently protected by unarmed private security guards.

Romania answers attacks

VIENNA, August 25. ROMANIA TODAY attempted to soothe Moscow's alarm over President Nicolae Ceausescu's growing friendship with China, but said still closer ties were planned.

The ruling Romanian Communist Party wanted good relations with all Communist countries, the official Bucharest newspaper Scinteia said in a long editorial keying to Chinese leader Hua Kuo-feng's current Balkan tour.

The editorial appeared to be answering Soviet Press attacks on Mr. Hua, who spent five days in Romania last week before starting a visit to Yugoslavia. In both countries, he spoke out against "hegemony," the code word Peking uses to assail



Cardinals in ceremonial robes and mitres attend Mass in St. Peter's basilica before entering the Sistine Chapel for the election of Pope.

Japan to take tough line on hijacking

TOKYO, August 25. JAPAN INTENDS to adopt a tougher attitude towards the handling of international hijacking incidents in future, probably rejecting hijackers' demands at the risk of hostages' lives.

This is implied in a policy document on measures for the prevention of international terrorism approved today by a special Cabinet committee.

The document contains three clauses of which the first expresses support for the anti-hijacking resolution agreed at the recent Bonn summit while the last two lay down a general framework for the handling of future hijack incidents by Japan.

The second clause, which appears to be the nub of the new policy, acknowledges the need to make "every effort" to preserve human life during hijack incidents but then goes on to stress the importance of "standing firmly against the illegal demands of criminals" and "preserving law and order."

This is in contrast with the Japanese Government's previous posture which placed over-whelming and exclusive stress on the preservation of life.

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Canadians curb energy prices

BY OUR OWN CORRESPONDENT. CANADA'S Finance Minister, Mr. Jean Chretien, has announced a massive restructuring of federal social priorities in a series of moves designed to limit energy prices.

The overall effect of the package is to cut taxes and increase spending in other areas. The Finance Minister still expects the budget deficit in the current year will be \$11.8bn.

On the social side, cuts will be made in the universal monthly payments to families with children and the unemployment insurance scheme will be tightened up. This will save \$820m a year.

But some of the savings will be used to finance a \$20 a month increase to most old age pensioners and a refundable tax credit programme to low and middle-income families with children.

On the energy side, the Government has reduced by 3 cents a gallon the special excise tax on oil. This will almost fully offset a 3.5 cents a gallon increase in retail gasoline prices expected shortly because of a \$1 a barrel increase in the domestic price of crude oil granted the industry on July 1.

Furthermore, the next increase in the crude oil price, scheduled for January 1, will be cancelled, a tentative agreement reached

gas, is expected to oppose the limits on energy prices, particularly as the increased volumes of gas it might sell would not offset price declines. At the moment, natural gas is in surplus supply.

The measures were the second major economic policy announcement this month from the Federal Government, which must face the electorate this autumn or next spring.

Earlier this month, Mr. Pierre Trudeau, the Prime Minister, announced spending cuts of \$2bn in an unexpected television address.

Airline closed by strike

MONTREAL, August 25. AIR CANADA announced today it was shutting down "for an indefinite period" immediately because of walkouts by ground workers.

Strike action by members of the International Association of Machinists and Aerospace Workers in most major centres across Canada began last yesterday following announcement of a vote result showing that a majority of workers had rejected a tentative agreement reached between their union and Air Canada.

The agreement was the second to be rejected by the 7,800 workers.

Air Canada president Claude Taylor said the walkouts made it impossible to continue operations, and any resumption of service would depend on firm assurances that there would be no further disruptions.

He could not predict when Air Canada would be operating again.

Dutch tank order expected soon

BY CHARLES BATCHELOR. HOLLAND IS to decide within the next few months whether to place a £1.2bn order for up to 500 tanks with West Germany or the U.S. Holland will be the first country to replace tanks now in use and the Dutch decision is expected to significantly influence a number of other Nato countries.

The two types under consideration are the Leopard 2 built by Krauss-Maffei of Munich, and the XM-1 built by Chrysler Corporation of the U.S. A Chrysler delegation has been in The Hague this week for discussions, a Defence Ministry spokesman said.

Krauss-Maffei is ahead of the U.S. company and made a provisional offer earlier this year. This offer is now being redrawn to take account of compensation which would be placed with the Dutch industry.

The Dutch tank requirement is relatively small—between 400 and 500 depending on the extent to which tanks are replaced by other anti-tank weapons—compared with the 1,800 West Germany will require, and the 7,000 needed by the U.S.

But the Dutch reputation for technical expertise and for watching out for the wallet will be an important influence on other Nato members, the defence spokesman noted. With the exception of the UK and France, other Nato countries may well follow the lead set by Holland.

The larger production run is expected to make the U.K. tank cheaper although the estimated cost of each is in the region of £1.2-1.4bn. But Krauss-Maffei has apparently offered 100 per cent of co-production of the tank and other high technology orders for Dutch industry. Details of Chrysler's compensation offer, if any, are not known.

Eritreans claim victory

BY JAMES BUXTON. ERITREAN guerrillas say they are inflicting heavy casualties on Ethiopian forces in Eritrea in ambushes and raids on roads between the towns which Government forces have reoccupied in the past few weeks.

They claim to have killed 5,000 Ethiopian troops since the Ethiopian offensive began in mid-June.

Dr. Habte Tesfayman, a spokesman for the Eritrean Liberation Front, said in London yesterday that the guerrillas had not been able to withdraw the Ethiopian attack with conventional warfare, but had a natural advantage in guerrilla operations.

Cardinals in seclusion for Papal election

By Paul Bevis. AT PRECISELY 1.30 this afternoon the 111 Cardinals who will choose the next Pope entered the Sistine Chapel in the Vatican. As the solemn procession went in, the Cardinals, clad in red vestments, chanted the "Veni Creator Spiritus."

After the cry "extra ordines"—all out—the Cardinals were locked inside the conclave area of the Vatican. They have, in simplicity and secrecy, they will remain secluded from the outside world until they have chosen a successor to Pope Paul VI, who died at the beginning of this month. A white smoke signal from a small chimney on top of the Sistine Chapel will announce the election of the new Pope.

In his sermon during the traditional pre-conclave mass, "pro eligendo papa" (concelebrated by all the Cardinals, Jean Cardinal Villot, the French Vatican Secretary of State whom some regard as a possible successor) prayed for a Pope who would be a man of peace, one who would be a man of prayer, and one who would be a man of the world, taken part in a Papal election.

The Cardinals—58 from both Western and Eastern Europe, 13 from Asia and Australia, 30 from North and South America, and 12 from Africa—will start voting tomorrow. A two-thirds majority plus one is necessary for a successful election, but after a prolonged deadlock, three votes for a deemed sufficient.

Although the election of a Pope is different from any other election in that candidates are supposed to remain well out of the limelight, Cardinals have held numerous consultations. In their respective pre-conclave declarations, some Cardinals have indicated that this is an era of the most open and difficult election in the history of the Roman Catholic Church.

No clear candidate has so far emerged, and another Italian is expected to be chosen although this is no longer inevitable. What makes the election particularly difficult is that there are three clear blocks within the conclave: progressives, moderates, conservatives.

Although it does seem as if the election could take some time, no election in the past 100 years has lasted more than four days.

Swiss plan to boost tourism

By John Wicks. ZURICH, August 25. FORWARD TRANSACTIONS on the foreign exchange markets may be made as a contribution to stabilising exchange rates for the Swiss tourist industry. Basic agreement on this possibility has been reached at talks between representatives of the Swiss business and the Federal Ministry of Finance in Bern.

The Swiss Tourism Federation, which wants to offer foreign travel operators holiday arrangements at guaranteed sums in their own national currencies, says that way will gain forward foreign exchange facilities to the small-scale undertakings of the tourist industry.

A possibility would be national bank-backed forward transactions similar to those offered to the watch, textile and clothing industry.

Ideas for a "tourist franc" have been dropped, since this would have meant splitting the Swiss exchange rate.

New coalition bid in Iceland

REYKJAVIK, August 25. LEFT-WING LEADER Olafur Johannesson today urged the formation of a new coalition to end Iceland's two-month-old political crisis.

He accepted the task at a meeting with President Kristján Eldjárn a day after Marxist leader Leifur Eidefoss had abandoned an attempt to form a coalition.

Mr. Johannesson indicated he would seek the same coalition of Marxists, Social Democrats, and has won Centre Progressives, and immediately began talks with leaders of the three parties.

Iceland has had a caretaker government since General Elections on June 25 in which Left-wingers made big gains.

Iraq-Turkey oil accord

ANKARA, August 25. IRAQ AGREED today to resume petroleum shipments to Turkey in return for repayment of a debt owed by Turkey for previous oil purchases, Turkish Energy Minister Deniz Baykal disclosed.

Iraq halted the shipments last January because of the Turkish debt. Mr. Baykal said Turkey would make the repayment with exports, primarily of wheat and 400 passenger buses.

Mr. Baykal declined to elaborate on details of the repayment schedule, but officials' sources said the debt would be cleared up by the end of 1981. Earlier it was reported that some of the debt could be repaid in cash.

Turkey will ship Iraq 400,000 tons of wheat by the end of 1978, and 400,000 tons both in 1980 and 1981.

Poverty, pollution and crime mar the charms of Brazil's urban hub, writes Diana Smith. A Paradise Lost: Rio's industrial and social scars

IN JUST 30 years, Rio de Janeiro has changed from an earthly paradise into a sprawling concrete jungle of apartment and office blocks, interwoven with highways, vehicle-jammed avenues and streets, grasping at every inch of available space and lifting it with a building or a wall.

The Bay of Guanabara, along which Rio curves, is literally dying. Years of untreated sewage have poured into its waters, and are blocking the natural outlets, killing the water fauna and the flora along its shores.

As industrialisation spreads (despite official attempts at control), industrial and domestic waste is creating a poisonous, disease-breeding silt that is choking the bay.

In the next 15 years, over \$500m will be invested in new sewage systems and treatment stations in the hope of resurrecting the bay and making Rio a healthier place to live in.

At the moment, most of Rio's sewers are in an inextinguishable storm drain, and this is not a city where one cares to wade through puddles.

On a dry day, when the wind blows inland from Guanabara Bay, the stench is almost overwhelming. There is nothing to do but hope the wind will swiftly change direction.

Rio's modern architecture is not ugly and some cases it is really handsome. The problem is that there is too much of it. Green spaces, cozy old

buildings surrounded by patches of garden, small comfortable houses where the less well-off can live reasonably—all these are being squeezed out by the movers, bulldozers and the tower blocks.

Although Brazil's capital was moved from Rio to Brasilia in 1960, the city is still a magnet for trade, banking, shopping and new industry. Its population has therefore continued to soar—at 4.5 per cent a year in the sixties, and at close to 4 per cent since 1970. With 7m people in Metropolitan Rio and 10m in Greater Rio, the city's housing, transport and utilities have been put under almost unbearable strain.

Among the city's many shortcomings, the telephone system is appalling. Whole sections of Rio are plunged into telephone silence at regular intervals.

New customers pay their deposits, then wait months for a telephone to be installed. It may take seven, eight or nine attempts to dial a correct number. One is then often cut off in mid-conversation and has to start the whole process again.

The streets of central Rio, the business hub, are packed with mysterious holes, pits and craters dug by one utility company or another and then abandoned for months on end as traffic and pedestrian hazard.

Rio exudes an air of prosperity in the business and many residential areas. The shops are well stocked with a wide variety of goods. Cafes and restaurants are full (although it is hard to

eat out, even at a cheap cafe, for less than £3 a head. In an expensive restaurant prices mount to at least £12. Cinemas, showing the most recent Hollywood hits, are packed with people on packed weekdays and weekends. The streets and pavements are choked with new cars.

Rio's wealthier citizens are extremely wealthy. They live in a style and comfort which much of Europe has forgotten. Facelifts and psychoanalysis, lavish

Rio's rich are so visibly rich—the contrast between them and Rio's poor is stark. It is not difficult to walk down a street of new apartment blocks straight into a shanty town.

dinners (avidly reported in the gossip columns), huge parties, country clubs and nights at the opera in full regalia are part of the social routines.

Provided their salaries can stretch far enough, the white collar classes can also live well and enjoy themselves. The range of opportunities for self-betterment is still wide as long as one starts with reasonable qualifications and contacts.

Inflation (running at an official annual rate of over 35 per cent) taxes rents and the price of beer, are the source of the same middle-class grumbles heard around the world. But those who work for the right employers will not do too badly,

Rio's rich are so visibly rich, and its middle-class is so apparently comfortable, the contrast between them and Rio's poor is clearly marked.

The rate of unemployment in Rio is very low, just as it is in other major Brazilian cities. This, however, masks the real problem—that over a third of the city's breadwinners earn only the national minimum wage of \$50 a month—and that this group has the largest, neediest families—sometimes with seven, eight or

who cannot afford the rents charged even for modest housing—£60 a month or more. Their living conditions would shock the average British worker—homes packed together from every imaginable sort of raw material from tin to wood to rags. Sanitation, where it exists, is rudimentary, there is often no running water and alleys swarm with many animals and ragged children.

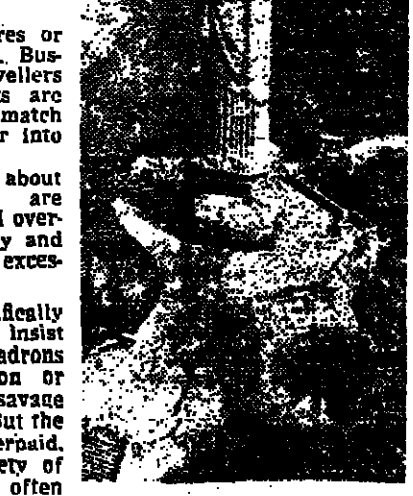
While homes often go without water, they rarely lack electricity, so televisions can be found in scores of houses—which presents a strange set of priorities to the Western visitor.

Efforts have repeatedly been made to rehouse "favela" dwellers, but these are resisted, apparently for fear that their tight and self-protecting communities will be broken up and replaced by something more impersonal.

Although the "favelas" breed an admirable sense of family or group feeling, they also breed crime. This is mostly juvenile crime, often violent and often drug related ("favela" youths act as dealers in small areas for "maconha," Brazil's version of pot, or harder drugs).

The ease with which a youth can lay hands on—and use—a 38 calibre revolver is also deeply worrying. Rio has to cope with about four or five murders a day—crimes of passion, robbery, shoot-outs or gang warfare.

There are dozens of car thefts, burglaries, muggings, petty thefts, or major raids on



Christ figure overlooks Rio de Janeiro

by legal or illegal means, often noisily self-centred, sometimes violent. It is—like all of Brazil—obsessed with football, local or national, played for fun or profit on every vacant lot or open space.

During the World Cup in June, football took precedence over business, Government traffic and even crime—so obsessive was national interest. The first announcement of Pope Paul's death was made during a televised football match by a football commentator. The match was not interrupted. Football, it seems, is the option of the people, with television the means by which it is dispensed.

Handwritten signature or mark.

HOME NEWS

Japan to sign jet leasing deal with British Airways

BY LYNTON McLAINE

BRITISH AIRWAYS is to become the first customer of a £260m aircraft leasing programme launched by Japan as part of its drive to increase imports by £2bn and cut its huge trade surplus with the rest of the world.

The airline is to lease a Boeing 747 Jumbo jet from a group of Japanese companies formed to import up to 35 aircraft, possibly including eight European A300 Airbus.

So far, 21 overseas airlines have applied to the Japan Leasing Corporation to lease the aircraft, but British Airways has clearly moved the fastest in securing a 10-year contract to be signed in Tokyo on Monday.

The aircraft would be delivered to Britain on Friday. The contract is understood to be worth £23.3m. Interest is at 8 per cent.

The Japanese Government last month agreed to back the emergency importation of aircraft worth up to a total of £260m for subsequent leasing to world airlines.

The Government in Tokyo, through the Export-Import Bank of Japan, provides foreign currency loans at only 6 per cent interest to companies such as the Japan Leasing Corporation for imports of aircraft, uranium, oil and other commodities supplied by Western industrial countries.

The leasing corporation said that other Japanese companies involved in the British Airways contract included C-100, Nishio, Iwai and Oiyent Leasing.

Foreign currency loans for emergency imports reached £47.1m last month, the Export-Import Bank of Japan said in Tokyo. The loans were for imports of nickel and nickel ore from New Caledonia and iron ore pellets from Australia.

British Airways said last night that leasing was a form of finance that suited the airline and one which had been used before.

All lease agreements had to be approved by the British Government. The Jumbo jet contract had been approved, but further contracts would depend on obtaining favourable terms.

Lloyd's of London suspends brokers

BY JOHN MOORE

D. O. HOWELL, a Lloyd's of London insurance broker, has been suspended from the market for 12 months after failing to disclose a substantial number of commercial motor policies.

Lloyd's said last night that D. O. Howell (UK), a subsidiary of D. O. Howell and Company, had "issued extensions which purport to include accidental damage, fire and theft to a substantial number of mainly third party commercial motor policies."

"Assureds holding these policies are being advised that it is doubtful whether proper insurance cover exists for these extensions."

Only a small number of the doubtful extensions have been issued in conjunction with a Lloyd's third party motor policy. The rumour have been issued on insurance company policies.

While Lloyd's said last night that it intended to "safeguard" the interests of those policyholders who had been insured under the doubtful extensions, the attitude of the insurance companies was less clear.

Lloyd's took its decision to suspend D. C. Howell after an emergency meeting of its 16-strong committee on Tuesday. It delayed putting out any statement until yesterday because there were attempts to organise an 11th-hour rescue operation for the policyholders involved to be mounted between Lloyd's and the insurance companies.

However, it is understood that the insurance companies were reluctant to participate in the scheme. It is not known what figures are involved in terms of premium and the value of the doubtful cover.

In its last reported figures for the year ending 1977, D. O. Howell made £37,500 pre-tax profit after interest on a £281,000.

Mr. David Howell, the company's chairman, said last night that it was regretted that D. O. Howell (UK), which is 70 per cent owned by D. O. Howell, has issued extensions "to third party motor policies."

"It has been found that this cover was not issued in the market. This was unknown to the parent company and the majority of the board of D. O. Howell (UK)."

In spite of strenuous attempts by the parent company, "and every assistance from leading figures in the insurance market, replacement cover has proved impossible in the majority of cases at the present time."

This is the second suspension of a Lloyd's broker this year. Armour Hick and Parker was suspended after it met financial difficulties.

Another Lloyd's problem was also considered at Tuesday's emergency meeting concerning the suspended Lloyd's underwriting syndicate headed by Mr. Frederick Sasse.

The syndicate is already in litigation with a Brazilian reinsurance group over reinsurance on £300,000 in damage to property risks in North America.

Now new and significant losses have fallen on the syndicate in claims arising from other insurance business in Canada. The Canadian insurance business was placed with the syndicate by Buntell, Beal & Co., Lloyd's broker whose affairs are to be the subject of a Lloyd's inquiry.

Colour TV imports rising sharply

BY JOHN LLOYD

IMPORTS of colour television sets have risen sharply over the past year, although British production still accounts for the level of imports.

Imports of black and white sets are down on the equivalent period last year.

Figures from the British Radio Equipment Manufacturers Association show that deliveries of colour TVs in June totalled 14,000, against 14,000 in May and up, too, on the 118,000 delivered in June last year.

Imports for June stood at 28,000, well up on last June's figure of 16,000 but down on the May 1978 figure of 33,000.

Over the first half of this year, deliveries of colour TVs totalled nearly 700,000, of which 532,000, or 76 per cent, were manufactured by the industry.

First-half deliveries of black and white sets exceeded 530,000, of which 225,000, or 42 per cent, were made by association members.

Total June deliveries of black and white sets were 58,000, against 71,000 in May and 67,000 in June last year.

Imports accounted for 38,000 of the June total, against 27,000 in May and 48,000 in June last year.

Sheffield Council seeks new mark for cutlery

FINANCIAL TIMES REPORTER

SHEFFIELD COUNCIL leaders are hoping for imminent Government action on a new cutlery marking after unanimous support from the industry for a strategy to beat an import threat.

Mr. Roy Hattersley, Prices Secretary and a former Sheffield councillor, is expected to receive a joint industry delegation next Friday which will call for all cutlery in this country to carry a mark of origin, the country where the blank was formed.

That would stop the present practice of imported Far Eastern blanks finished and silver-plated in the city, from being marked "Made in Sheffield" or "Made in Britain," which has been blamed for destroying traditional skills and jobs.

The practice has developed because of the vague terminology of the Trade Descriptions Act. The country of origin is at present where a product last underwent a substantial change, but that is left undefined.

Mr. Hattersley, who holds the power to make the decision, was privately expressed willingness to get but he has demanded unity from the traditionally divided industry.

A Sheffield Council initiative has been launched at a meeting which thrashed out an agreement between the Federation of British Cutlery Manufacturers, the Cutlery and Silverware Association, cutlery unions, the Master Cutlery and councillors.

The pro-British federation has been calling for such a move since it was formed less than a year ago but the long-established association, which includes some importers, had not reached an agreed definition of substantial change and now a warning against any hasty or emotive decision which could have wide-ranging repercussions not only for cutlery but for many other industries.

The results of the meeting are subject to final approval from all parties involved by the end of next week, but council leaders are confident there will be no change to their plans.

Although silver plating and finishing can more than double the value of the landed blank, Mr. Clive Batts, industrial developments committee chairman, said that the committee had decided against an added value definition of substantial change because it was too variable and open to manipulation.

The new marking regulation would also identify for the consumer the vast amounts of finished imported cutlery which at present do not need to carry a mark of origin if not sold under a British trademark.

Another big closure planned by Burton

BY RHYS DAVID, NORTHERN CORRESPONDENT

ANOTHER BIG closure in its manufacturing operations is planned by the Burton group, bringing to more than 4,000 the total of redundancies over the past 18 months.

The group has told unions that it will trim its labour force in manufacturing to about 2,700 from the present 3,600 with the bulk of the loss likely to fall on its Oldham factory employing 700 people on made-to-measure suits.

The other redundancies will affect Doncaster, where the labour force of about 450 is being cut by about a third because of lower-than-expected sales of trousers, and Leeds, where a unit making made-to-measure waistcoats is to be closed.

The latest closures are a further attempt by Burton to bring manufacturing into line with its now greatly changed retail operations and, according to Mr. Cyril Spencer, group chief executive, should be the last cuts.

With the decline in demand in the High Street for made-to-measure suits, the company already has shut more than 80 shops and converted the remaining to sell clothes directed to a younger, more fashionable

More home news on Page 15

Foot gives warning on jobless

By Richard Evans, Lobby Editor

A WARNING that the economic policies advocated by Sir Keith Joseph, Mrs. Thatcher's leading policy adviser, would lead to massive unemployment of the scale of the 1930s, was given last night by Mr. Michael Foot, leader of the Commons.

It was the first shot in a Labour campaign against the policies presented by Sir Keith that seems certain to be at the centre of the forthcoming election campaign.

Profits

As well as refuting Sir Keith's ideas, Mr. Foot sought to drive a wedge between the monetarists and laissez faire members of the shadow Cabinet and Mr. James Prior, Mr. Edward Heath and Mr. Peter Walker on the "moderate" wing of the Tory party.

Sir Keith said in a major economic speech on Thursday that the key to fuller employment was greater flexibility in wage bargaining, higher priority for profits and the encouragement of entrepreneurs.

Mr. Foot said in Tredgar that what Sir Keith proposed was a return to the 1930s when the unemployment figure was hardly ever less than 10m and was often above 15m.

A similar message came from Mr. Joel Barnett, Chief Secretary to the Treasury, in a speech in his Lancashire constituency.

Local residents, however, fear-

Motor cycle enthusiasts head for Earls Court

By Michael Cassell

THE BIGGEST international motorcycle show to be held in London for 18 years opens its doors to the public at Earls Court today.

The exhibition comes at a time when motorcycle sales are running at about 250,000 a year—one of the highest levels since the 1950s—and organisers are expecting more than 130,000 two-wheel enthusiasts from home and overseas to attend the eight-day event.

Traditionally, the London show has been overshadowed by the Cologne exhibition which follows shortly afterwards, but the status of the London event has now clearly risen because of the market's revival.

Manufacturers such as BMW of West Germany and Honda of Japan have chosen Earls Court to unveil new machines for the first time, while several other machines will be having their British debut.

Japan's domination of both the British and international motorcycle scene is more than apparent, from Honda's silver banner balloon which hovers high above the Earls Court building and over the stands carrying names that even sound fast, such as Yamaha, Suzuki and Kawasaki.

Rising

The Italians, in the form of manufacturers like Ducati and Moto Guzzi, are also well represented and keen to push up sales in a UK market now worth £100m a year and rising.

It is the combined efforts of manufacturers like the Japanese and the Italians which have killed off British manufacturers, who were slow to adapt to changing markets in the 1960s and created a situation in which foreign producers account for more than 80 per cent of sales in this country.

The task of warring the battered British flag goes to the Triumph Co-operative at Meriden, which in spite of fresh financial problems, manages to produce about 300 machines a week.

The company is showing its



Len Hamilton of Triumph Bonneville—they go to Japan

updated range of 750 cc single and twin-cylinder machines, including its famous Bonneville, which it sells principally to the United States, Australia, Canada and New Zealand.

Triumph is understandably proud of its success in one particular foreign market—Japan. The company is selling about 300 bikes a year to the Japanese, where ownership of a Triumph carries a certain amount of kudos.

The show offers everything to the motorcycle enthusiast, whether he or she is looking for a new crash helmet, a chance to mingle with names such as Mike

Hallwood, the former Honda works rider, Kenny Roberts, the new 500cc racing champion, or double world champion Barry Sheene—or to buy a £4,000 superbike capable of 140 mph.

An inevitable attraction will be the world's biggest-capacity motorcycle, the 1300cc Electra-glide II from the U.S. company Harley-Davidson, which also has been struggling for survival against Japanese competition.

At the other end of the scale, several Italian manufacturers are offering machines for children aged three and upwards. Models such as the Mini-Trik from Cimatti sell for £225.

Company racehorse wins VAT relief

BY DAVID FREUD

SOME COMPANIES owning racehorses may be able to reclaim value added tax on their upkeep.

A Manchester tribunal has decided that the Hillingdon Shirt Company, based in Lancashire, can reclaim VAT on the purchase price and running costs of its £16,500 racehorse Jonathan Seagull.

This is the first time such a ruling has gone in a company's favour. In the past, tribunals, which are independent bodies, have backed Customs and Excise arguments that here is an element of entertainment in ownership.

Reclaiming VAT is ruled out in such cases.

Hillingdon argued successfully that the racehorse was owned purely for advertising and promotion purposes, on which VAT could be reclaimed.

A Customs claim that this was a hobby for the directors was rejected.

Saving

The tribunal said that the ruling should not be regarded as a precedent, but clearly any company that can prove a similar case to Hillingdon's will also be able to reclaim VAT.

Considerable sums of money are involved. Hillingdon has six racehorses, is obtaining two more and estimates an annual saving of £2,000 on running costs alone.

Mr. John Bigg, secretary of the Race Horse Owners' Association, said: "The ruling shows that a company that can prove its case properly can convince the Customs and Excise that advertising in this way is legitimate and that VAT is reclaimable."

The Customs and Excise commented: "The appeal that the horses were for business purposes was allowed."

"The decision was given orally and you will appreciate that the Board of Customs and Excise arguments that there is position until the Tribunal's written decision, which will explain fully the reasons for it, has been issued."

Spotlight on Sunday shop laws

LOCAL AUTHORITY leaders will try to clarify Britain's Sunday trading laws, which vary considerably in different parts of the country.

The Association of Metropolitan Authorities is seeking the views of its members before pressing the Government to review the present Sunday trading laws.

Councillor Jack Moultrie, chairman of the association's general services committee, said yesterday: "The laws on Sunday trading contain so many anomalies and anachronisms that it is very difficult for local authorities to do their job of seeing that the rules are enforced."

Particularly, the present laws discriminated against tourists in the country's big cities, which the association represented.

Under the Shops Act 1950, shops in seaside resorts selling souvenirs could remain open on a limited number of Sundays each year, but shops in London and other cities had to shut.

Anomalies

"The AMA has been pressing for changes in the Sunday trading laws for years. Each time we point out the anomalies and anachronisms, we are told by the Home Office that a general review is not on because of the opposition likely to be faced by amending legislation."

Mr. Moultrie said.

The association had suggested to the Home Office that local authorities should be given wider discretion to ensure a fairer application of the laws in their areas.

"A possibility we have in mind is a system of licensing shops open on Sundays. The licensing authority would be able to take account, not only of local needs and opinions, but other factors such as possible traffic nuisance."

Heritage fund 'needed soon'

THE National Heritage Fund—proposed successor to the National Land Fund—should be set up as quickly as possible and its independent trustees should include representatives of the Countryside Commission, says the Commission.

It has written to the Treasury urging the Government to act, by bringing in early legislation, on the Third Report from the Commons Expenditure Committee published in June.

Education guide

A NEW edition of the free eight-page booklet Your Guide to the Inner London Education Authority, has been published. It lists members of the authority, explains the responsibilities of senior officers and inspectors and gives details of its 10 education and careers offices.

LABOUR NEWS

All dock labour at Southampton to go on strike

BY PAULINE CLARK, LABOUR STAFF

THE DOCK labour force in Southampton voted on a walk-out yesterday in the latest of a series of disputes affecting cargo and passenger services.

The decision came at a mass meeting in the morning after employers refused to pay two drivers in the Transport and General Workers' Union who stopped work on Tuesday in a dispute about safety.

A further meeting between shop stewards and the 1,900 dock workers in the port has been called for Tuesday.

Although an informal union approach is believed to have been made to local officials of the Advisory, Conciliation and Arbitration Service, talks over the holiday weekend between strike leaders and employers have not been fixed and union officials were pessimistic last night that a solution could be found in time for Tuesday's meeting.

Port authorities expect about seven scheduled calls over the weekend by large container ships to be cancelled and thousands of passengers arriving and departing in luxury liners, including the QE2, will have to carry their baggage.

Walkout

Proposals for a joint safety committee to look at the carrier were not taken up and by Wednesday, 218 van drivers at the port had walked out in sympathy.

The employers have made known already their fears that the port is in danger of losing the confidence of shippers.

By April, when 500 maintenance engineering workers went on strike, it was estimated that the port's losses had mounted to £2m since January because of disputes.

Clothing workers agree on 5%

BY RHYS DAVID

THE CLOTHING Manufacturers' Federation, representing men's and boys' outerwear producers, has reached one of the first national wage agreements within the Government's 5 per cent guideline in talks with the National Union of Tailors and Garment Workers.

The agreement, which has to be ratified by the two sides, will come into effect from September 22. It will give the 65,000 workers employed by federation members a 5 per cent rise in wages, plus a general annual earnings fall-back for experienced workers of £40 a week.

Further talks will be held on the circumstances in which the fall-back will operate. A provision has also been made for further discussions if the terms of the Government's White Paper

Civil Service staff row over 'political attack'

THE Civil and Public Services Association is faced with a revolt by its full-time officials over what they call "a politically motivated attack" by the union's executive committee on the staff.

All but two of the full-time officials walked out of a meeting of the union's executive committee last night in protest at a decision to bar some senior officials from interview panels for the appointment of assistant secretaries and negotiating officers.

The officials said the decision was regarded as "a politically motivated attack on the staff's conditions of service."

It is a cynical denial of interference with the normal procedures of full-time officials, they said. The executive's action reflected "the same political strong-arm tactics of which the union's newly-elected left-wing majority has accused its opponents."

A full meeting of the union's 200 staff will be held next week to discuss detailed plans for fighting the executive decision. "Some form of strike action is inevitable," one official said.

BL assembly workers facing short-time

BY OUR LABOUR STAFF

ABOUT 5,000 BL Cars engine plant workers face at least one month's short-time work because of failure to reach productivity targets.

Assembly workers have been failing by up to 15 per cent to reach the targets—but the two engine factories at Longbridge, Birmingham, have been turning out nearly 20,000 units a week and there is now a heavy surplus.

Although the day and night workers will each be losing a shift, cutting output by about a quarter, they will not be losing money because of a security of earnings scheme, which guarantees them up to £50 a week. The shorter week will be reviewed in four weeks' time.

All engine production for Austin-Morris is affected, except Stoppage.

Lucas said that the workforce had failed to qualify for third quarter productivity bonuses because of 18 per cent absenteeism—a problem at holiday periods.

The remainder of the labour force are remaining at work: "In an effort to end the unofficial stoppage."

Chrysler union talks about Peugeot deal

BY OUR LABOUR STAFF

SENIOR officials of the nine unions at Chrysler yesterday discussed with leading car component manufacturers the possible impact of the proposed takeover of the company by Peugeot-Citroen.

The meeting, held at the headquarters of Guest Keen and Nettlefold, is part of the wide consultations mounted after the takeover announcement.

The unions are hoping for talks with Peugeot management immediately after the TUC congress next month and then are likely to call a national meeting of officials and shop stewards.

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, who led the union side, said that if the deal went through it was hoped to persuade the new company to buy as much from British component firms as possible. "We are talking about how best we can make sure we have a British car industry and maintain a positive base for it here."

Companies represented at yesterday's meeting included: Lucas, Smith Industries, Ruby Owen, Smith Industries, Ruby Owen, Automotive Products, Dunlop, Turner and Newall, Armstrongs and Wilmot-Bredden.

The strike by millwrights which halted production at Chrysler's Ryton plant was called off last night.

MOTORING

Spacious and sporty

BY STUART MARSHALL



Agile, elegant load carrier. The Lancia Beta HPE looks like a coupé but has the load space and flat rear sill of an estate car.

ESTATE cars are square-shaped, hatchbacks are prettier and, most of the time, nearly as useful. The crunch comes when you want to load something as big and heavy as a grass cutter. With an estate, it is easy, with the rear floor being level with the bumper you simply roll it up a couple of well placed ramps and drive away. Heavy machinery would probably fit into a hatchback, but most of them have a high rear sill. To try lifting a couple of hundred-weight of garden equipment over that is to risk doing yourself a mischief.

There are two honourable exceptions to this rule. One, which I have been driving recently, is the Lancia Beta HPE. The other is the Saab 900. While the Saab looks purposeful rather than beautiful the Lancia is a fashionable, even elegant car.

HPE stands for high performance estate, which is not a bad description, because it is quick and sporty as well as capacious. The concept of the HPE is much the same as that of the Reliant Scimitar GTE, though the Reliant has a high sill which restricts its usefulness as a beast of burden.

The HPE comes with a choice of 1.6-litre or 2-litre engines and costs \$5,277 and \$5,710 respectively. Although it looks more like the Beta coupé, the wheelbase and overall length of 14 ft 0 in are exactly the same as the Beta saloon's. As a result, it is quite roomy. The back seat is on the low side and headroom is not exactly generous, but it is habitable by three people, at any rate on short journeys. Up

front, there is ample space to stretch out in. The interior is trendy, I suppose, but not to my taste at all. The seats are like something by Astronaut's Couch out of Michelin Man and I thought their orange and brown trim looked odd in a navy blue car. Even with the steering wheel adjusted to its highest position, my knees wouldn't quite fit underneath. The controls and instrumentation are quite good but some of the dials are in an incongruous woodgrain panel set in an otherwise totally plastic fascia.

Although I thought it aesthetically on a par with a quick lunch counter in a motor service area, the interior has its practical side. The back-rests of the rear seat fold down singly or together. With five people in the HPE, there is still room for as much luggage as would go in a small family saloon's boot. Two up, there is space for things up to five feet long on the load floor. By adding with the seat cushions and tipping the front seat back-rests forward, Lancia say there is even room for two people to sleep in the back, though it is not clear what they are supposed to do with the luggage.

The four-cylinder, twin overhead camshaft engine is mounted crosswise and drives the front wheels through a five-speed gearbox. There is no automatic transmission option at present.

It is a willing engine, developing 100 horsepower at 6,000 r.p.m. and demanding four-star petrol. Consumption varies by considerably according to how

the HPE is used. On a journey, it will better 30 m.p.g. if driven sensibly, but too much hard acceleration and high speeds in the gears drops the figure to 23-24 m.p.g. The tank holds 11 gallons. The gearing feels rather low when you are driving on your own but the HPE can carry up to 9 cwt (including driver) and is in no way underpowered when fully loaded. In fifth gear, it is doing only a little over 18 m.p.h. per 1,000 r.p.m. Even so, at a motorway 70 m.p.h. (3,800 r.p.m.) the engine is smooth and reasonably silent. At anything over 80 m.p.h. it is beginning to sound hard worked. Given time, the rev. counter needle will go into the red sector at 6,200 r.p.m. on an autobahn downgrade, representing 112 m.p.h. The gearshift is clumsy but the ratios are fine; the 85 m.p.h. fourth is fine for dusting off lines of traffic on a long incline.

The all-round independent suspension gives a firm but pleasing ride; the rack and pinion steering is satisfactorily sharp without being unpleasantly heavy for parking; and the all-disc brakes have ample power assistance.

Low profile radial tyres on handsome alloy wheels help to make the Lancia feel sure-footed when driven briskly. It is difficult to know what to compare the HPE with. Although roomier and more adaptable than a Ford Capri or Renault 15 it is also more expensive. As a load carrier to cut a dash in it is really in a class of its own.

The best black player in the world

LEE ELDER won several steps further towards establishing himself as unquestionably the greatest black golfer of all time by winning the American Express Westchester Classic last Sunday evening in New York. His second victory of the season and only his fourth since he came on tour in 1968 earned him \$80,000, more than he won in any of his first four years as tournament player and took his total for the season to easily his best-ever—\$148,348.

It put him into next month's World Series of Golf—the first black to play in this prestigious event—and well along the road towards his goal to become the first black ever to play for his country. The next Ryder Cup match is due for September, 1979, at Greenbrier, Virginia, when the British challengers may be strengthened by European team members. Needless to say, Elder's money winnings are the greatest ever recorded by a black golfer and are close now to the \$3m mark. Barring accidents, the 44-year-old Elder must in time become the first black golfing millionaire.

I say this conditionally because this chirpy and likeable character was in immense pain in the closing stages of his final round, limping more visibly than usual. Many years ago, Elder injured a knee playing touch-football on a sand lot in the Washington (DC) ghetto, and every year since has had the fluid pumped out at regular intervals to ease the pressure on the joint. But Elder has played so well recently that he has postponed the painful

treatment, as would most professionals in a similar predicament. Last weekend, the immense heat can have been no help to him, and so Elder was to report to hospital on Monday morning.

What a tremendous run he has just enjoyed. He was 13 under par going into his historic eight holes play-off against Lee Trevino in the Greater Milwaukee Open in early July, in which he prevailed over the man who has been coaching him. He was 9 under when tying for sixth in Philadelphia on re-appearing two weeks later. To be 5 over par and tied for 42nd place at Oakmont in the U.S. PGA Championship was hardly a disgrace. The week following, Rod Funseth had to equal the record aggregate of 20 under par to make Elder's effort in finishing joint second at 16 under look ordinary. In the week before Westchester, Elder was in the top 30 and two more under par at Pleasant Valley, Sutton, Massachusetts.

Elder's victory on Sunday was all the more meritorious because he knew exactly what he had to do to beat Mark Hayes, who had set the target of 9 under par with a final round of 66, an hour earlier with the eventual winner still 6 holes out and then 8 under himself. What's more, Jack Nicklaus (7 under at the time) was playing immediately in front of Elder, and Hubert Green behind in the final trio was also 7 under.

Nicklaus had won twice before and twice been runner-

up at Westchester, and, according to one of Golden Bear Incorporated's astonishingly intriguing hand-outs, had previously averaged \$17,583 per appearance in ten starts there, averaging 69.05 strokes per round. The great man was to hurt his averages, dropping strokes to par at the 13th and 15th holes, to gain nothing but a share of ninth place with a lacklustre round of 72, his worst of the tournament.

Elder birdied the 13th, made his pars at the next four holes,

to go 8 under, dropped a stroke at the next with 3 putts and the first rear had greeted a glorious long iron shot that had pulled up within a yard of the hole at the 244 yards 16th. Just as he had done at Augusta, Green missed the vital putt and, despite a marvellously brave second shot that enabled him to go 8 under again at the 17th, he now had to make a final eagle 3 to tie Green had a fine way but driver from the fairway but came off the shot and caught the long grass between the bunkers to the right from which position even a birdie was virtually out of the question—and so it proved.

Elder reaped a just reward because he was the only one of the contenders to better his position on discovering what he had to do—the acid test of a player's character. But the stocky black had needed plenty of that he Country Club."

If ever there was the perfect argument in favour of never giving up—here it was. But Elder already knew all about that, having never been in any other predicament in his life. For once, he had the last word at Westchester. In his acceptance speech at the prizegiving, he thanked the "Whitechatter" who had needed plenty of that he Country Club."

Green had birdied the 14th hole

GOLF

BEN WRIGHT

and thus came to the 509 yards 18th, knowing he had to make a birdie 4 to break the tie with Hayes. The hole swings left round trees and severe rough which had deprived Hayes of a birdie earlier. Elder drove well to the right, but left himself 255 yards to the hole with a cluster of bunkers guarding the front right half of the green. Lee fairly laid into his three wood second shot, but the ball hopped left, going uphill into the edge of the deep rough beyond the fringe of the green pin high.

Elder's chip was so perfectly judged with the minimum of delay that his birdie became a formality. But a huge roar had come wafting up from the 16th green, minutes earlier, and now came another from the 17th. Green had birdied the 14th hole



Bride Hall, Ayot St. Lawrence, South Herts, a Jacobean manor house dating from 1630, was the home for 51 years of the historical novelist, biographer and children's author, the late Carol Oman, Lady Lenanton. The grade II listed house is now on the market through Hampton and Sons who are seeking offers in the region of £200,000.

Rubble, rubble, toil and...

EVERY JANUARY there is a mild and promising morning when I wake up early, think "great spring is coming" and then hit on The Idea.

This year it was "must get a second loo into the house." It is not exactly a new idea but that word "must" is the danger signal. The Idea ferments, it gets mentioned lightly, even airily—a sort of fun thing. Then it takes over. The house is three-up, three-down in a Fulham, London, terrace and the outside loo housed the garden tools. When- ever there were a lot of guests the lack of the second loo used to niggle, more expressly one on the ground floor.

The idea was floated to a neighbour in January. She responded by saying that an architect, another neighbour, had worked for yet another neighbour who had been well pleased. Nothing like keeping it in the neighbourhood—and with that we were off. Well, put it another way, Tommy would not outenance any demolishing until the weather might be warmer, May 30 in the event. The gap, however, did mean that various possibilities could be considered, details discussed and agreed and three or four tenders assessed. The architect is your safeguard but it is possible just to have your own

hall, the table was more of a problem but it did not lead to divorce. It's a little odd to have to have one of the storage radiators neatly fitted under the desk, but never mind. It is even more odd to have quite so many occasional chairs in the bedroom let alone a Florentine cabinet. I haven't been into the middle bedroom for some time but its not where the samovar and the copper coal scuttle would normally sit—if it sounds like an 1880s house it is and I'm beginning to feel like it—let alone all the other bric-a-brac.

It really is a case of batten down the hatches. In my case I sealed the inside of as many doors as possible with wide sticky tape and the outside of cupboards which did not absolutely have to be used. This is because of the dust. Any friend who has had even a mild amount of brickwork done will warn you of the dust, the architect warns you of the dust the builder mentions it very seriously and then looks to see if you have the faintest idea of what is implied. You won't have. Just wild as much tape as can be crammed into every nook and cranny—but leave yourself some doors! As to carpets—we couldn't have stacked them at home—presumably they can be covered but we happened to be getting rid of some old ones.

That is just the dust from the early works. It is when the plastering is under way that the worst has to be endured. Brick dust is fine and yellow and shows up well—everywhere. Plaster dust is pink and more cloying but it too shows up well. Plaster dust gets to more places because there is always an itch at the end of a day to look at progress and it doesn't matter what you do some dust travels with you. Cats, of course, have even more curiosity and just try and wipe their paws every time. The captains of industry that bring us the vacuum cleaners of today should have statues in their home towns (although they might opt for real money). Reckon to four paper bags full of dust a week. It took 31 working days for the extension to go up, the flooring to be done, the roofing plus the balcony, wiring and the plastering to be virtually finished. There were no great disasters. The borough surveyor insisted on a wealth of foundations which slightly surprised everyone but at least means another two storeys could be built on top of the extension. A fanlight planned above the door on the balcony had to be abandoned so the top part of the door has louvered glass. And there was a misunderstanding (quickly cleared up) as to where the power point should go for the cooker.

Again because it is a terrace handy. They won't and they house, the garden virtually don't and here is a real opportunity to be ruthless. The team were very neat and tidy—becomes rather enjoyable. You have to be ruthless because (taking this case) the dining room has to be emptied, the odd trowel and shovel. The Just do an inventory of your dining room and think where the weeds were secure and the grass edges have a charm that is all their own. Some throwing away. We managed to move the sideboard into the back part of the drawing room without any real bad language. Since most terrace houses tend to have narrow

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THE WEEK IN THE MARKETS

Firmly placed ahead of extended holiday

The market threatened much this week but in the end it achieved very little. Institutional buyers were again evasive at the start of the account and after two days the Financial Times Industrial Ordinary Index had risen 10.3 points to a 10-month high. But thereafter buyers went to ground and profit taking left prices lower on a broad front. By the end of the week the index was little changed on balance although the tone was reasonably firm ahead of the extended holiday.

Asda's bubble bursts

Back in the 1980s Asda's business was described rather unglamorously as that of dairymen, cafe proprietors and pork butchers. But over the last few years it turned out to be one of the stock market's superstars. Between 1968 and 1977 pre-tax profits rose by more than 20

times and in the five years to 1977 earnings grew at an average compound rate of 45 per cent. The star rating was emphasised by the token yield of 1 per cent and a historic earnings multiple of 19 on the eve of the 1977-78 results.

A year ago analysts were confidently predicting that Asda could push its profits up by a third to £30m plus in the year to April 1978. More recently they had been revising their estimates downwards—but few were prepared for the 9½ per cent increase to £26.2m reported this week. At the halfway stage Asda's profits had been 20 per cent ahead, but they stagnated in the second six months. Given the group's track record this performance was not at all impressive and the share price fell by a tenth over the next couple of days ending the week at 242p.

Asda's key to success in the past has been its string of very large supermarkets which operated on high volume and offered notably lower prices than the likes of Tesco and Sainsbury. However, the outbreak of the high street price war last summer has blunted its competitiveness and despite increasing its selling space by around 8 per cent last year, sales volume increased by less than a tenth.

Since the end of April, Asda has noted an upsurge in sales of the order of 30 per cent and most analysts are once again forecasting profits of well over £30m for 1978/79. But until the interim figures are published the suspicion will remain that Asda's period of super-growth is over. And with their minute yield, the shares could still be short of support.

Calmer waters ahead

Ocean Transport's half year profits have come down with a bang. The depressed state of the world's shipping market is common knowledge but Ocean's announcement this week of

interim pre-tax profits of £2.34m, compared with £26.14m, still left the market disappointed. But there were some special factors at work.

There have been major problems in West Africa where port congestion has slowed voyage times dramatically. Also Ocean's stake in OCL was cut last autumn from 49 to 34 per cent and labour disputes could have helped halve OCL's interim profits to something in the region of £14m. Ocean's associate profits fell from £17.48m to £6.65m. Finally, Ocean has taken a £2m loss on disposal of ships compared with a £589,000 profit last year.

However an improvement in Africa and some recovery at OCL will help Ocean make a come back and it is forecasting full year profits of between £9m and £10m compared with £39.08m. Also Ocean is likely to maintain its dividend this year—that caused some signs of

Kenyan jitters

Although the news took some time to sink in, Jomo Kenyatta's death earlier this week sent the shivers through those London quoted stocks with interests in Kenya. The announcement came during trading hours on Tuesday but it took overnight to make its way to the country's political future, before selling started. Kenya, although not a major investment area for British companies, is important to some international traders for its tea estates and as an outlet for cars, agricultural machinery, components and general merchandising. Hardest hit was Marshall's Universal, which depends on Kenya for up to a third of group sales: its shares dropped 19p to 162p.

James Finlay and Co (tea, pharmaceuticals and credit finance) derives around 57 per cent of its profits from the area and the shares slipped from 117p to 110p, but rallied by 2p later in the week. Kenya accounts for about a quarter of Brooke Bond Liebig's group profits and the shares dropped 4½p to 48p. But here the market was also concerned about the coffee market following the loss of one third of the Brazilian crop. Shares of Lombr (one fifth of its profits come from Kenya) were steady at 61p but put on 4p later in the week after Press comment. Mitchell Cotts Group eased 1p to 43p. The fixed interest rate market appeared to be unperturbed and Kenya's 5 per cent 1978-82 bonds were little changed at 277.

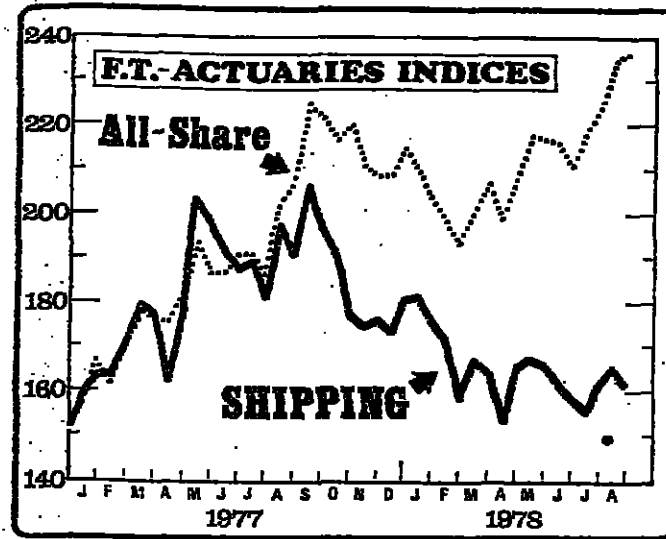
NEB ventures

A common theme running through the most recent deals announced by the National Enterprise Board is its increasing involvement in joint venture with private sector finance. NEB an acceptable partner in risk ventures which previously might not have been thought worthwhile. Clearly the attraction of the NEB to the private sector is that it provides a way of offloading some of the risks, which in isolation the banks and others might have considered to be too high.

Just over a week ago the NEB announced a joint venture with Industrial and Commercial Finance Corporation to provide new capital for BTB (Engineering).

The complexity of these deals has prompted speculation that the NEB is seeking insurance against a possible unwinding of some of its activities by a future Tory Government. Certainly these schemes would prove difficult to unravel.

However they are only on a modest scale, involving aggre-



Still selling on the cheap

AFTER LAST week's flurry of July. As a pointer this is concern and activity over the dollar, investors appeared to be keeping at least half an eye on developments in the foreign exchange markets this week. If the "continuing series of actions" promised by the Administration appears to succeed in lifting the dollar from its

NEW YORK

JOHN WYLES

sick bed and if the possibility of still higher short-term interest rates is correspondingly reduced, then investors may soon have the edifying prospect of the Dow Jones Industrial Average bursting free of the restraints which keep tugging it back below 900.

On the evidence of the past few days, the market has not been unsympathetic to the Federal Reserve Board's moves to raise the discount rate and money market rates last week and is still apparently clinging to the view that interest rates will not go much higher. Here it is fervently hoped that the economy will slow substantially in the next few months and thus reduce the volume of credit demands and pressure on interest rates. One straw in the wind was published on Wednesday in the shape of a 5.5 per cent drop in new factory orders for durable goods (cars, trucks, aircraft, missiles, to name but a few). This was not only the steepest drop in three and a half years but followed declines in June and Friday

A week in which it seems the American Stock Exchange Index has established a new record and forecasts at the beginning of the year that these secondary stocks would be sold off before a real recovery in the Dow have proved erroneous.

Even if the IBC's gloomy supply situation into likely world prices is further confused by uncertainties about the demand trend, World demand fell by about 30 per cent as a result of the unprecedented prices sparked off by the 1975 disaster, and coffee consumption was still estimated to be about 15 per cent below 1975 levels in the year to last March. But the current demand level and the rate of recovery remain shrouded in mystery.

Meanwhile, the alarm caused by the frost seems to have given producers extra confidence to seek more favourable terms at next month's London meeting of the International Coffee Council.

At a meeting in Bogota this week Latin American producers agreed to seek a price support range of \$1.80-\$2.20 a lb. It is not clear what this means precisely but some London traders have assumed that it refers to the trigger price under the current International Coffee Agreement at which quotas come into force. This trigger is currently set at 77.46 cents a lb. Other traders thought the producers might be seeking a support fund under which buffer stock purchases would be made at below \$1.80 a lb and sales at above \$2.20 a lb. With arabica coffee currently selling at about \$1.50 a lb, however, the consensus among London traders is that the producer demands are little more than a pie in the sky.

Both are still doing well and the groups' prospects are considered, "promising, although clearly dependent on the course of events in the major economies of the world." There's food for thought.

COFFEE

RICHARD MOONEY

situation. Brazilian coffee production is still recovering from the 1975 setback so no crop estimate can be based on much more than guesswork. And the picture has been further complicated by a long drought earlier this year, which resulted in widely varying estimates of losses from this year's crop. Moreover, few traders would confidently predict the extent to which the effects of the drought will be carried over into the 1979-80 season.

Any attempt to translate the

Frosty futures

THE POSSIBILITY of frost in coffee trees were destroyed altogether. And many of those that survived lost most of their potential crop of coffee beans. This year's frost was much milder and most of the damage was done by cold winds which "burned" many of the leaves from the trees but left the trees themselves to flourish again.

As a result the 1978-80 crop (this year's growth has already been cut back sharply, but subsequent crops should not be significantly affected).

The Brazilian Coffee Institute estimates the damage to the next crop at 8.2m bags, taking the expected total down to a little over 16m bags. At the other end of the scale the U.S. Department of Agriculture (which has a good crop forecasting record) puts the loss at only 1.5m bags and the 1979-80 crop at over 20m bags. The obvious disparity between these figures is partly explained by varying original estimates. The IBC had forecast a crop of 24.3m bags while the USDA was more conservative, forecasting a 22m bags total.

U.K. INDICES

Average	Aug. 25	Aug. 18	Aug. 11
Govt. Secs.	70.62	70.99	71.22
Fixed Interest	72.50	72.84	72.84

FINANCIAL TIMES

Govt. Secs.	70.62	70.99	71.22
Fixed Interest	72.50	72.84	72.84
Ind. Ord.	516.9	517.4	517.5
Gold Mines	178.1	195.6	197.6
Dealings mld.	5,420	5,407	4,097

FT ACTUARIES

Capital Gds.	246.53	242.53	239.55
Consumer (Durable)	224.13	220.19	217.98
Cons. (Non-Durable)	222.78	220.02	220.39
Ind. Group	234.50	231.41	230.91
500-Share	258.36	254.07	253.40
Financial Gp.	177.10	176.27	177.53
All-Share	237.41	234.28	234.01
Red. Debs.	57.81	57.49	57.26

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1978	1978	
	Y'day	Week	High	Low	
Ind. Ord. Index	513.4	+ 0.5	523.2	433.4	Reaction after 10-month high
Gold Mines Index	175.9	-10.2	206.6	130.3	U.S. Treasury doubles gold sales
Allied Insulators	65	- 5	76	57	First-half profits setback
Bambers Stores	127	+12	134	313	Press comment
Brown (J.)	472	-21	495	231	Profit-taking
Burton (A.)	167	-12	167	99	Cont'd. bid speculation
Calite & Chemical	78	+ 7	79	44	Press comment
Collett Dickenson	85	-10	85	50	Takeover speculation
De Beers Dfd.	422	-20	464	285	Profit-taking after figures
Gripperoads	64	-40	68	37	Results due Wednesday
Guthrie	387	-29	400	211	Revised rumours of pending bid
McKay Securities	265	-20	265	145	Prelim. figs./Prop. revaluation
Marshall's Universal	162	-14	180	134	Concern over Kenyan interests
Rank Organisation	282	+24	284	224	Joint TV venture with Toshiba
Restmor	177	+20	190	114	Record profits scrip issue
Ricardo (Engineers)	294	-31	310	107	Market re-rating
United Scientific	379	-31	382	260	Revised speculation
Victor Products	245	+51	250	82	Record profits scrip issue
Vesper	236	+20	230	135	Nationalisation payment hopes
Wholesale Fixings	210	+20	226	122	Favourable Press mention

Making the dollar worth its weight in gold?

THAT SEE-SAW, which has the U.S. dollar sitting at one end and gold at the other, has been heavier at the bull end this week. Inevitably, the price of gold has fallen under the psychological impact of the news that the U.S. Treasury is to increase the amount of gold offered at its monthly auctions from 300,000 ounces to 750,000 ounces, starting with the November sale.

It is a moot point as to whether selling gold to a world which currently prefers it to the dollar anyway is going to restore much confidence in that currency; the real cure for the dollar's weakness seems not to lie in trying to cover up the symptoms—one of which is the rise in the dollar price of bullion—but in tackling the root causes such as the huge U.S. trade deficit and the rate of inflation there.

The increased offerings of gold, which equal some 250 tonnes in a full year compared with the 1977 total world production of 1,366 tonnes, seem likely to be absorbed without difficulty by the continuing strong industrial demand for the metal. As South Africa's Chamber of Mines has pointed out, demand for gold is expected to increase in the remaining months of the year as jewellers prepare for the Christmas trade.

What is more important, however, is that the increased U.S. sales may form part of a package of measures to be introduced to prop up the dollar. So after rallying from its initial tumble on the U.S. auction news, the price of bullion has slipped back below \$200 an ounce on the subsequent disclosure that the U.S. is prepared to draw on its big resources at the International Monetary

Fund in order to protect the value of the dollar. Whether this will do the trick remains to be seen, although it may well hold the price of gold in check for a while. But unless there are more moves to follow in the dollar war, the chances are that gold is not going to suffer a severe fall from grace. Meanwhile, earnings of the gold mines remain buoyant and the sharemarket may be that much healthier after its recent shake-out.

The slight from the dollar has also manifested itself in an increased demand for platinum and diamonds. The price of platinum, for instance, has been climbing on the free market to the extent that the General Mining-Union Corpora-

ties. Against this background, the sharp advance in profits for the past half-year of De Beers, announced this week, was confidently expected. They have reached a best-ever R\$74.7m (£223.6m), or 104 cents per share, which compares with R\$285.4m a year ago. This interim dividend has been increased by 2½ cents to 20 cents (11.9p).

Following these glad tidings, the Deferred shares of De Beers promptly dropped 25p to 42p. This may not have caused undue consternation to those who took the advice of this column a fortnight ago when with the price at 45p, "and being talked higher against a continuing 'rosy background'" it was suggested that it could be the time to indulge in a little profit-taking.

Admittedly, the fall came when the sharemarket generally was having a little attack of nerves following the U.S. Treasury gold auction news and there was also some disappointment with the increase in the De Beers interim dividend. On the latter score, however, it must be remembered that just as the CSO has never reduced its prices for diamonds, any reduction in De Beers' yearly dividend total would be unthinkable.

After an exceptional first-half, De Beers is thus playing it cool. Nobody knows whether the second-half can be as good, although I hear that the higher gem prices have been well accepted at the current "tight" or CSO selling week, of which there are ten a year. Opinion is that De Beers' profits in the current half-year should be maintained and that a total dividend for the year of around 65 cents against \$2.5 cents for 1977 is on the cards.

Still in what might be termed the exotic league we come to Australian uranium. While uranium producers in other parts of the world—notably in South Africa—have been busy tying up juicy supply contracts at best-ever prices, the potentially huge producers in Australia have been fretting at the state of the line.

They have been hamstrung by political and environmental considerations and only this week Pancontinental and Getty Oil have again said that they are all set to start development of their Jabaluka deposit when somebody waves the flag. The major remaining hurdle, it seems, is the question of royalty compensation payments to the Aborigines on whose land the deposits are situated.

An important break-through has now come with yesterday's news that the Australian Government and the Northern Lands Council (representing the Aborigines) have reached agreement on the terms and conditions for the development of the AS320m (£180m) Ranger uranium project in the Northern Territory. The partners are Peko-Wallend and EZ Industries with the Federal Government having a stake of 22½ per cent.

It is believed that the parties have agreed on a reasonable royalty of 4½ per cent. If so, this is also likely to be acceptable to Pancontinental and the rest of the field. The hope now is that work can begin on the development of Ranger before the start of the wet season in about October. Peko-Wallend has estimated that it will take about three years to bring the property to production at an initial annual rate of 3,300 short tons of uranium oxide.

Looking at other Australian

TIN OUTPUTS COMPARED

	July, 1978	June, 1978	Total to date (tonnes)	Same period previous year (tonnes)
Amal. of Nigeria (tin)	171	419	(3)	324
Amal. of Nigeria (columbite)	28	82	(3)	47
Aokan	110	107	(1)	122
Ayer Hitam	137	158	(1)	110
Berjuntai	419	381	1,140	(3)
Bislich Jantar (tin)	2	25	199	(6)
Bislich Jantar (columbite)	2	20	194	(6)
CRIM Sri Trimah	107	164	856	(7)
Ex Lands Nigeria	6	22	154	(6)
Georgetown	85	183	386	(4)
Gold and Base (tin)	6	6	100	(4)
Gold and Base (columbite)	6	6	1	(4)
Gopeng	146	125	1,394	(10)
Idris	191	191	1,222	(7)
Kamunting	32	27	138	(4)
Kent (FMS)	6	6	102	(1)
Killinghall	22	19	488	(10)
Kina Kelas	6	6	500	(12)
Kuala Lumpur	17	16	75	(4)
Lower Perak	24	22	77	(2)
Malayan	272	228	272	(1)
Pahang	6	6	1,463	(11)
Pengkalan	83	94	371	(10)
Petaling	126	130	1,091	(9)
Rahman	99	117	99	(1)
St. Piran—Far East	35	26	99	(4)
St. Piran—UK (South Croft)	160	211	760	(4)
St. Piran—Thailand	105	96	366	(4)
Southern Kinta	148	121	556	(4)
Southern Malayan	178	165	178	(1)
Sungei Besi	193	161	649	(4)
Tanjong	231	101	1,234	(6)
Tongkah Harbour	47	42	47	(1)
Tromoh	214	177	1,494	(7)

Figures include low-grade material. Not yet available. Outputs are shown in metric tonnes of tin concentrates.

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FINANCE AND THE FAMILY

No need for new leases

BY OUR LEGAL STAFF

I have occupied my flat since 1954 and my last lease expired on March 31 last, when the Rent Officer fixed a new rent. No pressure has been put on me or other tenants in the building, to sign new leases. Do we need new leases, or suffer any disadvantage by not having them?

You do not need to enter into a new formal lease. However, if the terms proffered are acceptable you may prefer to have a contractual lease which is capable of assignment. If the lease offered does not have a rent review or break clause after three years it may be advantageous to accept it, as the rent could not be raised during the term of the lease.

House let for holidays

A friend of mine has been letting her father's furnished house in Inverness for holiday purposes. Her father is in a geriatric hospital. She has full powers over his finances and the house comes to her under his will. She has been approached by two doctors training in Inverness to rent it when the holiday lettings cease until the beginning of the season next year. Is there any arrangement she could make whereby they could use the house, with the absolute assurance that she could get it back next spring?

Under the Rent Act 1974, where a house previously let for holiday has been let for not more than eight months, then the landlord may recover possession at any time.

In the event of the tenant refusing to leave, the court must

order possession in these circumstances. This affected by an amendment to Schedule 3 Part I of the 1971 Rent Act. That would appear to cover the circumstances which you set out in your letter—however, if your friend's father ever wished to regain possession of the house during his lifetime, the court would also have to make an order for re-possession and likewise after his death she would be able to occupy the house herself as her own residence provided she had occupied it as her home at some stage.

Liability for fall of a tree

A neighbour has a tall fir tree in his garden, which seems to me completely dead and likely to fall. If it happens and my property is damaged, he will be liable?

You would be wise to write to the person on whose property the tree stands to inform him that the tree appears to be dead and is a hazard, and to warn him that, being on notice of those matters, he will be held liable should the tree fall so as to cause damage to your property.

The innocent driver

Damage amounting to about £200 was done to my car when it was run into when stationary at traffic lights. The other driver admitted liability and it appears both of us were insured by the same company, which requires the "innocent" driver to pay the first £25 of

the claim under the excess clause. What do you advise? We suggest you withdraw your claim on your insurance company and sue the other driver in the small claims court if he does not pay up the whole amount.

Wills abroad

I am a British subject, now resident in Belgium and I wish to make a will, covering my assets in the UK and Belgium. Do I need to make two wills, one for each country? It is wisest to make two wills, one in English form and one in

Belgian. If, as seems to be the case, you are not domiciled in Belgium, there is likely to be no need in law for a Belgian will unless you own immovable property in Belgium. However, because property may be acquired after you make a will it is prudent to ensure that wills valid under both laws are executed.

Losses in gilt dealings

In a reply under Settling losses against gains on January 25 last, you wrote: "Losses on short-term transactions in gilts are, subject to restrictions,

allowable, and there is nothing in your letter to suggest that you are contemplating the kinds of transactions which are caught by these restrictions." Can the restrictions be given, please, or where to find them set out reasonably simply? Anti-avoidance legislation is always complex, and it can be dangerously misleading to offer a paraphrase in simple language (particularly in a case where there is no indication of the type of transactions contemplated or of whether all relevant purchases and sales have been, or will be, made through The Stock Exchange). The restrictions which we had in mind in our January reply are to be found in paragraph 9 of

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

schedule 10 to the Finance Act 1971, as modified by section 59 of the Finance (No. 2) Act 1975. If you hope to establish allowable losses by short-term transactions in gilts, you would do well to study these provisions carefully in one of the standard reference books (in a local public library, perhaps) e.g. the British Tax Encyclopedia or Simon's Taxes.

Bed-and-breakfast transactions are indeed caught, as are double-banking purchases before sales, but the legislative net is cast quite wide and (as is often the way with anti-avoidance legislation) it may catch transactions which are innocent of any intention to create losses artificially.

Making work for the burglar

ONCE EVERY two minutes last year, somebody was having his home burgled. This sobering statistic, which emerges from the latest figures issued by the Home Office, shows just how frequently the burglar is at work. In 1977 the police were notified of 262,500 offences relating to thefts from private dwellings. In 1968, there were only 182,000 offences. So in less than ten years, the number of homes being burgled has risen by nearly 50 per cent.

That, however, is not the end of the picture. In 1973, the member companies of the British Insurance Association paid out £9.5m on theft claims relating to private household policies. Last year the amount paid had trebled to £30.5m.

These figures should bring to an end the feeling that it cannot happen to me, though human nature being what it is, this is doubtful. It should also get householders to check up on the security of their homes. But this is easier said than done. There are certain precautions we can take, such as ensuring that all doors are locked and all windows secure when we go out so that the would-be burglar cannot simply walk in.

But are the locks and window catches sufficient to withstand any attempt at forcible entry? Could a determined person

the front door is usually quite visible from the street and neighbours whereas the back door is often less overlooked. The burglar can fiddle around with locks with far less risk of attracting attention. Yet all too often locks on back doors are flimsy affairs that will yield to a good shoulder heave. His recommendation for the back door was to add top and base mortice rack bolts. Most people usually go out by the front door so they can secure the back door by means of bolts. If the house has doors leading from a conservatory then special care is needed. The best solution is to fix bolts, or even dual screws. But problems arise because all too often these doors are flimsily constructed and there is nothing solid to secure the bolts. They have plenty of glass in them, thus are vulnerable to someone prepared to break the glass. Then the surveyor turned his

INSURANCE

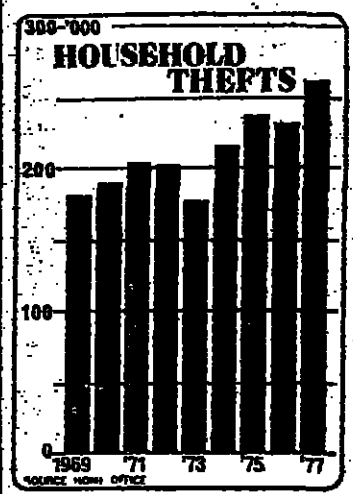
ERIC SHORT

attention to the windows. Being a bungalow all windows, trip sent easy means of entry, but again the rear windows are more vulnerable than the front ones. These can be secured by a removable key operating locking device. The object of this precaution is to stop the burglar making his entry by forcing the window catch or breaking the glass and opening the catch.

No mention was made of installing burglar alarms. The whole object of the exercise was to make the house reasonably secure at a reasonable cost. With most would-be burglars time is their greatest enemy. The longer they spend outside the house trying to get in the bigger the risk of arousing someone's attention and informing the police. All these security devices have the aim of making it more difficult and therefore more time-consuming to get into a house. The burglar then moves on to the next house to where he hopes entry would be that much easier.

Thus installing such security devices does not remove the need for adequate insurance on household contents. All that has been done is to minimise the risk of theft from the persons looking for easy entry and seeking quick-to-take items such as money, radios, and other easily portable items.

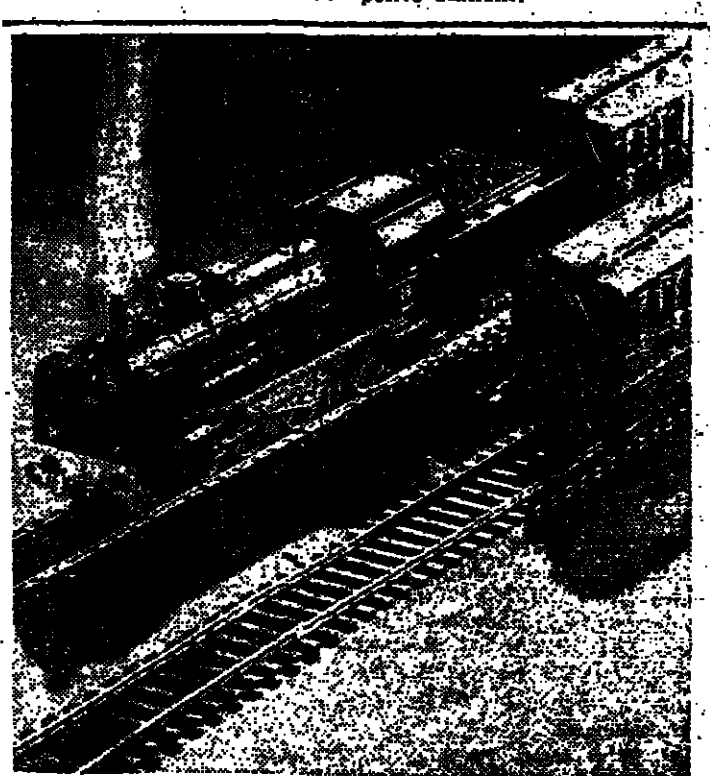
Most insurance companies are prepared to advise policyholders on security. The British Insurance Association publish a leaflet on the subject. The police are also willing to help and there is a crime prevention leaflet available at than the front door because



enter the house in a few minutes without much trouble? These are questions that really can only be answered by an expert. So I had one of the chief surveyors from Commercial Union come round and inspect my bungalow and make recommendations as to how to improve security. His findings were most revealing.

First he checked the front door. His opinion was that it would have been a comparatively simple task to fiddle the lock and open the door. His recommendation was that additional security be provided by a mortice deadlock.

Next he looked at the back door. This is more important than the front door because



All steamed up

Investors sometimes turn their attention to the smaller things of life.

There is a woman who declares that during her secretarial career, she entered the room of one of Britain's leaders of industry with the agenda of an important Board meeting. Totally unaware that he was not alone, this top executive was peering at a model railway engine on his blotting pad and saying "choof! choof!" to it.

Now we all know that it is about time that model railway engines went "choof! choof!" all by themselves. At the European Festival of Model Railways now taking place at the Central Hall, Westminster, I can inform readers that German manufacturer, Märklin, has launched just such an engine. The company says that "an electronic noise maker in the tender produces realistic exhaust noises". The sound, in fact, heralds another step forward in the development of electronics in model railways. Hornby has introduced a sophisticated electronic control system at the

son's railway set. Amazing as all this may seem, the new engine's most valuable feature could be its assistance to the tired executive on his return from the City. No longer will he need to get down on his hands and knees and make strange noises at his or his

Gratitude for small mercies

CAPITAL GAINS TAX has been on the Statute Book for some 13 years—the latter half of this period having embraced the most spectacular inflation ever seen in this country. It was hardly surprising that by last summer, the pips were beginning audibly to squeak—a heart-rending sound picturesquely described as high-pitched noises in high places.

The Chancellor showed no enthusiasm for indexing the tax, either at that point or in the discussion document which he had the Inland Revenue publish on October 5, 1977. An alternative form of mitigating the tax to take account of inflation was suggested to be tapering—that is reducing the monetary gain by a fraction where the asset concerned had been held for a specified period.

This alternative was obviously arbitrary and inequitable. One only has to consider how unrealistic would be its results if an asset were sold at a loss, or if a loss quantified at one date were not used until a much later date. It was therefore entirely predictable that those who responded to the

Revenue would evince little enthusiasm for tapering.

Since he could say that indexing was an impossible precedent, and that there was a general antipathy to tapering, the Chancellor felt it appropriate to make a much smaller gesture in his budget this year. The "small gains relief" for individuals applies to those whose gains in 1977-78, in the current fiscal year or in later years are less than £5,000. The shape of the relief is well known. The first £1,000 of gain in a year is free of tax, the next £4,000 is taxable at 15 per cent, and then each £1 from £5,001 to £9,500 is taxed at the "marginal" rate of 50 per cent. It is apparent to anyone who works these figures through that with gains of £9,500, the tax liability is £2,850, which is of course a rate of 30 per cent. The small gains relief is just what those words imply—a relief which operates if gains are small, but holds no benefit for the taxpayer who makes a larger gain.

It is worth digressing for a moment to look at the capital gains tax exemption and relief

where the asset being sold is a chattel. From April 6, 1978, so long as the proceeds of disposal of tangible movable property do not exceed £2,000, any gain which may arise on the sale is specifically not to be treated as a chargeable gain.

If the proceeds exceed £2,000, the legislation now allows that there may be excluded from any chargeable gain accruing on the disposal so much of it as exceeds five-thirds of the difference between the consideration and £2,000. This particularly condensed form of words operates as follows:

Sale of Proceeds	£2,500
Less Original cost	700
Gain at first stage	£1,800
Exclude therefrom the difference between	
(a) First stage gain £1,800	
(b) The 5/3	833
	967
Chargeable Gain	£833

The effect, if that chargeable gain is taxed at the full 30 per cent, is to limit the liability to

half of the excess proceeds over £2,000. For 1977-78, the relief formula is structured, in the same way, but the proceeds limit is set at £1,000. For 1977-78, those taxpayers liable at 30 per cent would therefore have exactly the same liability as they had under the previous form of relief which put a ceiling on liability described simply as half of the excess of proceeds over £1,000.

TAXATION

DAVID WAINMAN

That old formula, based on limiting tax rather than limiting gain, was incompatible with the new small gains relief. As the law now stands, if the finally computed gain on the chattel is a component in total gains of less than £9,500, then the effective rate of tax will be less than 30 per cent, and the tax liability less than half of the excess proceeds.

This is all very clever, and

we are immensely grateful for the Chancellor's small mercies. But it is not as merciful as an indexation, nor as intellectually and financially satisfying. Treasury Ministers were once again pressed hard for indexation in the finance bill standing committee, but held out a completely dead bat to every ball bowled to them.

Their one concession was their acceptance that relieving small gains only where they were realised by individuals was less than fair to those people whose assets are held for them in trust. In some people's minds trusts carry only a connotation of tax avoidance, but Mr. Joel Barnett, Chief Secretary to the Treasury, accepted that such a motive cannot be imputed to the majority of trusts.

The widow whose late husband had left his estate to her for life, with remainder to the children, would be horrified to be told that her jointure was as undesirable as a straddle in the commodity markets. And there are plenty of other trusts whose existence has nothing to do with tax.

Mr. Barnett considered and rejected a number of suggestions for extending some form of small gains relief to

trustees. Obviously it is difficult to draft a provision which would prevent too great a leakage of public funds becoming available to a taxpayer who multiplied his trusts. With this in mind, an official Liberal Party amendment suggested that a life tenant who had not used, or not fully used, his own relief could surrender the

unused part to the trustees of the settlement from which he drew income.

No one would pretend that this would be administratively simple, but Mr. Barnett's stated reason for rejecting it was that it was so tightly drafted that it would exclude from relief most trusts that should be excluded. The Finance Act 1978 now grants to every trust in existence before June 7, 1978, an exemption from capital gains tax for 1977-78 and subsequent years if the trustee's gains do not exceed £500, and tax at a marginal rate of 50 per cent on up to another £750. Mr. Barnett explained the standing committee that this was only to be seen as a rough-and-ready way of dealing with the problem until discussions between the Revenue and interested parties could evolve some more satisfactory permanent solution.

In this third article in a summer series Martyn Harris examines his own reasons for choosing Spain for his destination as a tax exile.

A question of lifestyle

ALTHOUGH my account is with a bank in Park Lane, my bank manager came to lunch the other day in jeans and an open-necked shirt.

He was in Marbella on holiday with his family. For me an established resident of five months, it was pleasant to host the social occasion with a minimum of business chat.

We did not select the Costa del Sol as a home because a number of friends come over here on holiday but it is nice to see them when they arrive out of the blue. Or should I say "into the blue," because it hasn't rained for two and a half months. Each morning we wake to cloudless skies and temperatures in the eighties.

Any British citizen seeking a new domicile in a dream world of no or little tax is likely to imagine somewhere with better weather than the UK.

So it was with us when we came to answer what must be the most important question facing any aspiring tax exile—where?

Most of us do not have experience of other lands apart from a two- or three-week vacation at irregular intervals. Even if one has returned to the same little cottage in the Dordogne for 10 years the attitude of mind, slumping into a holiday, is not at all the same as setting up a permanent residence.

This is particularly underlined if one cannot return to one's homeland for a whole fiscal year. In my case I decided to follow the speediest route to establish myself in the eye of the Inland Revenue as a "non-resident for tax purposes."

The deliberations prior to making our decision were whilst not clinical, at least very thorough. Consideration had to be given to environment, cost of living, inflation, strength of currency against sterling, political stability and emotional factors. We were embarking upon a lifestyle which was going to be a complete contrast to the active business world of London. It was therefore most important that our new domicile offered us plenty of leisure activities to ensure we did not become bored or atrophy.

Had we only been planning a sabbatical year, Greece would have been our first choice followed by France. Greece for a permanent home was, however, unacceptable for social, dietary and language reasons. Whilst we have always been Francophiles culturally and gastronomically, we decided against France for economic reasons. One could live but not live that well based upon relative cost of living.

A study of cost of living indicators proved to be most interesting. Comparative shopping basket surveys, tables showing the price of bed and breakfast in an hotel and dinner in a good restaurant in various countries made intriguing reading but they could not answer what we were predicting would be our future life style.

In the end the most useful information I gained was by reviewing the average post tax salaries of senior executives in various countries and stacking that up against my own income. Although my income need not be fixed one had to plan that it would be and aim off for

inflation. One also had to consider fluctuating rates of exchange because certainly for four years the bulk of my funds would be in Sterling. We dismissed what is left of the Sterling Area which now mainly consists of small islands.

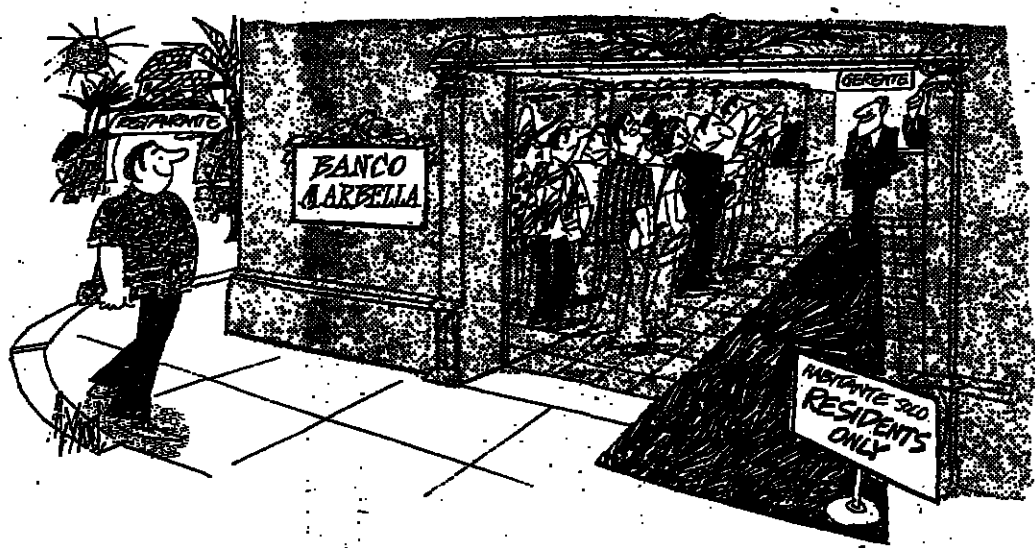
We considered English speaking countries like the States, Canada and the Antipodes but although they were attractive from the point of view of lifestyle and ease of communication they were too close to the existence from which we were departing. It would be so easy to fall into a similar routine or worse still succumb to the desire to work which seemed to defeat the object of the exercise. At the time we came to decide upon Spain it seemed to be an ideal compromise. Although it was going through a period of change from a dictatorship to a social democracy, with all the incumbent problems the regime appeared as settled as anywhere can be today.

The separatist problems were restricted to the North and seemed not very different from those in the UK.

The exchange rate was then 120 pesetas to the pound, but it was overvalued and almost certain to devalue. This of course happened and it is now standing at around 145 to the pound.

Cost of living was relatively cheap even at the old exchange rate.

The particular area we were interested in, the Costa del Sol, offered a superb climate with an urban yet countryside feel of life. It had an established English speaking community



and a range of restaurants comparable with most places outside France or the major capitals. The facilities for outdoor existence were all there—tennis, golf, riding and water sports—and one did not need to excel at them to participate in and enjoy them.

Spain was intended and subsequently has applied to become a member of the Common Market.

It may bewilder some to learn that I saw this as a positive factor in that membership of the EEC is not without its problems. Being sanguine about it, as I was when I voted "Yes" in England three years ago, I realised that it would eventually mean price parity with other European countries. That it would mean an over-riding legislature that often settled for the lowest common denominator. That eventually it might, even rule out the possibility of using member nations as tax havens. All this would take time, a long time, and could be dealt with when it happened.

The immediate benefit from a British standpoint would be the resolution of the Gibraltar question. A re-opened frontier

would mean that 30 miles down the road one could shop at Llorent, buy duty free Scotch and have a pint of English bitter. What better way could one find to compensate for the occasional desire to remind oneself of "home."

Fortunately borders are not closed to radio waves so the local Gibraltar Station enables us to listen to the "News at One" (at "Two" actually as we are an hour ahead), keep abreast of the financial news and even listen to the "Archers" every evening.

However, so far we are still too excited enjoying our new life to have had any withdrawal symptoms. In fact the only withdrawal I have is the one I make weekly from my bank. Not the one in Park Lane but another, in Marbella.

As a tourist I used to get irritated in Spanish banks when changing travellers' cheques. There was a time when I was actually asked the name and profession of my father to enable a teller to fill in a complicated form in order to change £20's worth of currency. Even though we live in a seaside town, we as local residents no longer suffer such indignities.

Not for us the queues of impatient tourists but red-carpet treatment, including a bank manager who will bounce out to shake hands if he sees me in his branch. I can assure you this does not reflect the size of my account, which is kept moderately low.

I have opened a foreign currency account which is invested on a monthly basis, giving me a tax-free interest of 6 per cent at present rates. From this I switch funds into a Peseta account which is my current account for day-to-day expenses.

My foreign currency holding can be exported at any time so there are no problems concerning overseas travel. Again there are rumours that this may change, but we'll face that when it happens.

In the meantime it's rather nice having two such pleasant bank managers. Some readers have questioned the detail of Mr. Harris' financial arrangements as given in earlier articles. The author is simply explaining what happened in his case and retelling the advice he was offered. Professional advice should be sought by anyone seeking to follow suit.

John Harris

YOUR SAVINGS AND INVESTMENTS

A preference expressed

PREFERENCE SHARES have long been a favourite of investors. They are neither cash, nor gold, nor good, but they are a preference. Lacking the gilt edged quality of a Government stock, they lose out on growth potential to ordinary shares. And they generally have no voting rights. The past few months, however, have witnessed a flood of new preference issues on to the market.

PREFERENCE SHARES

TIMOTHY DICKSON

They could have a considerable influence on this type of investment.

According to stock brokers, the new preference issues, involving 19.15m shares, were announced in 1977.

But the total number of issues in the first eight months of this year (including those in the pipeline but in which dealing has not yet begun) has already topped 50. That's some 65.6m individual shares.

Many of these issues have been made by smaller second line companies as a means of rewarding ordinary shareholders by way of a share dividend.

Such an issue enables the company to increase the income for shareholders despite dividend controls. It also allows shareholders to realise some capital by selling their shares without changing voting control.

Because most companies are not paying corporation tax, preference share dividends are—by the moment—much cheaper to pay than they once were.

The impact of these develop-

ments on the preference market has certainly been significant. Yields on preference shares in some of the more speculative companies are now approaching 15 per cent, although market leader coupons average 12.3 per cent.

This is a simple reflection of supply and demand. The big buyers (insurance companies and unit trusts for example) have a considerable influence on the coupon and therefore the price at which shares are issued.

For the individual investor in "prefs" probably means taking a needless risk. A few have voting or limited-voting rights, and can be redeemed, but at least 90 per cent of those in issue are irredeemable (and cumulative—dividends in arrears are built up and can be paid in more prosperous times). When it comes to the payout, loan stocks, debentures and any kind of debt have a prior claim on profits.

It would be more sensible for the private punter interested in the yields which "prefs" offer to spread the risk and put his money into a specialist trust.

Arbutnot and Target have funds with 100 per cent preference share content, while several others have a significant preference weighting to provide an income sweater for what are primarily growth funds. Preference shares are particularly popular with older investors, even though, in an inflationary climate, they have one major disadvantage—the income will not rise.

The recent flood of high coupon preference issues does, however, provide the preference fund managers with an exceptional opportunity to increase the income which they provide to their shareholders.

IT IS now just a year since New Court European abandoned the attempt to persuade potential unitholders of the virtues of investment in the EEC, and merged with New Court International. It is just six months since the directors of Scottish and Continental Investment Trust decided that the same considerations must apply, and took the first steps towards the unitisation which has the company in the limbo at the moment, awaiting the resumption of dealings. And it is less than a month since the offshore managers Keynotes have determined that their European fund would never be of a size to be economically viable, and set in train a merger with the Seaboard fund. Anyone might be excused for thinking that investment in the stocks and shares of Europe was a singularly bad idea. Yet the managers of Common Market Trust have achieved a 27.8 per cent improvement in their shareholders' assets in the 12-month

period to the end of June; and they anticipate that there is more to come. And the signs are that they are not alone in their belief.

Notably there is the very sharp reduction in the discount to net assets at which the shares of the closed-ended funds—the investment trusts—are now selling. For most of the last 12 months the shares of investment trusts with a heavy representation in Continental Europe have been selling on discounts of around 40 per cent; and while that was a considerable improvement on the discounts of 50 per cent and more which prevailed during the preceding period, it was not enough of an improvement to keep the shareholders happy. It was the fact that the discount showed no signs of dropping back to something nearer the average for the sector that eventually persuaded

Scottish and Continental's looks as though they might have run out of patience just a little too soon. For the four closed-ended funds are now standing altogether. Well, even after on discounts of between 28 and 31 per cent.

The question now, of course, is whether this revival of interest is soundly based, or nothing more than a flash in the pan created by a temporary improvement in share values overseas—and notably in France.

INVESTMENT

ADRIENNE GLEESON

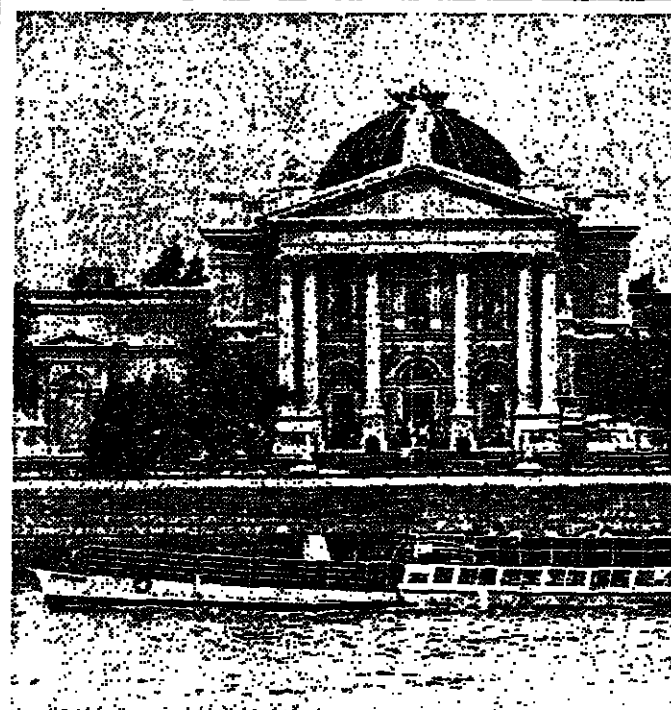
Funds invested in Europe: capital growth over six years

Open-ended Fund	% growth	Closed-ended Fund	% growth
Common Market Trust	+31.0	Govett European	-41.2
Henderson European	-21.7	Stewart European	-26.5
M & G European	-1.5	Scottish European	-61.7
Schroeder Europe	-22.4	F & C Eurotrust	-52.9
Save & Prosper Europe	+31.2		
FT-Actuaries All-Share Index	-3.0	Eurosyndicat Index	-20.4

But in Belgium and the Netherlands there isn't all that much in it. More important, of course, is the fact that these are "real" returns—much more real than the return on investment in British companies, which, even with the rate of inflation well down into single figures, is generally negative.

Nevertheless, there isn't much point in advising anyone to go into a specialist European trust for the sake of the yield. The highest yielders, among the trusts listed in the table is Scottish European, on whose shares investors can look for 5.4 per cent; and most of them are offering between 2 and 3 per cent. The argument comes accustomed to thinking of putting your money—or a part of your money—into good deal more than equities abroad, but this is no longer necessarily the case. The average yield in Switzerland and Germany is lower than it is in the UK; and in France the range is so enormous that it doesn't make sense to talk in terms of an average anyway.

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Liberty Ashford

Doing good and making merry with Friends

GRANTED THAT, with summer only just arrived, it seems a little early to talk of autumnal pleasures; the August Bank Holiday week-end is perhaps the proper moment to start planning for the winter. Winter's pleasures tend to be the urban ones; and the best of those need planning a long way in advance.

And that—whatever your particular line in urban delights—is a very strong argument for getting on to the priority booking lists.

The priority booking lists come in half a dozen forms, from the simplicity of the systems operated by the National Theatre and the Royal Festival Hall—pay your subscription, receive in return the

repertoire leaflets, and send off your booking in advance—to the more substantial opportunities presented by the organisations of Friends. For the moment, let us look at just a couple of those.

The first, run by the Coliseum and the Royal Opera House, is on a relatively modest scale. Subscription to the Opera Club is just £3 a year (£2 if you live more than 50 miles from London; £1 if you are under 23), and it entitles you to a range of benefits other than priority booking. Notably, you can attend dress rehearsals, be escorted on back stage tours, and join the audience at a series of talks on Monday evenings: subjects this autumn range from the partnership between Gilbert and Sullivan, through

opera on radio and television, to the opera singer's approach to the leader. In addition, membership of the Opera Club entitles you to attend their parties—one in summer, one in winter.

Party going features amongst the jollies available to Friends of the Tate, as well. Becoming a Friend of the Tate is, however, an altogether weightier affair: the subscription (for husband and wife) is, for a start, £8 a year. Amongst other delights, it entitles you to free entry to the Tate's big exhibitions; entry on Sunday mornings on Monday evenings (with two guests in tow); entry to the private view (from 2.00 in the afternoon to the late evening) on the day before the opening of the major exhibitions; catalogues at reduced prices; and an opportunity

to attend various films, lectures and parties. The Friends of the Tate also organise visits abroad. And they organise the sale, at reduced prices to their fellow Friends, of various items not strictly connected with the gallery (canvas bags, at the moment, and sets of playing cards).

The profits from all this frenzied activity—the Friends are a registered charity—go, one way or another, into the purchase of works of art for the gallery. Works are either purchased by the Friends and then donated, or purchased by the gallery with assistance from the Friends. So it's a matter of doing good and making merry: it ought to be a winning combination.

AS ANYONE who has been trying to live off investment income knows only too well already, it hasn't risen at anything like the pace of prices in general over the past few years. It hasn't risen at anything like the pace of wages and salaries, either. Now wide the gap has become is illustrated by a new savings index developed by the economist Anthony Gibbs.

Anthony Gibbs took the average annual wage in 1970 (£4,333 per annum) as a base, and calculated that the composition of the average portfolio of investments (60 per cent equities, 27 per cent gilts, 8 per cent bank deposits, and 5 per cent bank deposits), and calculated that a portfolio of £23,980, so balanced, would be necessary to produce an equivalent income. They then set out to discover what such a portfolio, unchanged through all the subsequent euphoria and despair in the stock market, would have produced by way of income for its owner. And they conclude that, by the middle of this year, that owner would be getting £2,026 per annum gross—which is less than half (to be precise, 46.6 per cent)

Living off investment income

of the annual income (£4,333) now received by his happy counterpart, the average manual worker.

The conclusion does depend on certain assumptions, more or less unlikely: notably, that the composition of this hypothetical portfolio would not have been changed. In fact a large part of the money in gilts and equities would probably have been shifted into the building society. But however much that might have benefited income in the short term, on Anthony Gibbs' second line of argument the move would have been no cause for rejoicing.

For the consultants point out that part of the reason that income on this portfolio has performed so badly, relatively speaking, is that a very large proportion of it came, in the first place, from fixed interest investments. In fact, although

equities accounted for some 60 per cent of the portfolio by value, in 1970, they only provided 41 per cent of the income from it. (Obviously that reflects the level of the yield on equities relative to interest rates in general, in the year that the portfolio was supposedly set up.) And although the income on the equities in the portfolio has risen quite sharply relative to the income on the rest of the investments, it wasn't sufficiently large in the first place for this to make much difference to income produced by the portfolio as a whole.

What conclusions are to be drawn from this little exercise? The conclusion Anthony Gibbs draws is that anyone living off investments must manage his portfolio (or, to be precise, must have his portfolio manager—the implication being, inter alia, Anthony Gibbs. However, they aren't keen to take on portfolios of less than £50,000). And they have joined their voice to the chorus proclaiming that a fundamental change in the tax system to allow for the impact of inflation on investment returns, is now overdue. Anthony Gibbs is planning to update his new savings index three times a year.

The trusting child and stranger danger

IT IS unfortunately common place to read in the newspapers about assaults on children. Children are, by and large, very trusting—often too trusting. They need to be warned to beware of strangers. Some public spirited bodies—local crime prevention panels—co-operate with the police in visiting schools in order to pass that warning. Now further help is coming from an unusual source—a life company.

National Mutual Life Association of Australasia has produced an illustrated leaflet, "Beware of Strangers," which—without office address and company logo appearing on each leaflet, and will get into a considerable number of homes at little cost—about 1p per leaflet—if the campaign is successful. If anyone else is interested in getting free copies of the leaflet, they should contact Mrs. Dawn Finner, Public Relations Officer, National Mutual Life Association of Australasia, Austral House, Basinghall Avenue, London EC2V 5EP. The

intention is that the leaflet will be distributed at school visits. National Mutual's chosen form of sponsorship is thus given to sporting activities by other insurance companies. Its Australian parent has run similar campaigns in Australia and New Zealand with considerable success.

The company emphasises that this exercise reflects its efforts to take a part in shouldering community responsibilities. But since the company's name, head office address and company logo appear on each leaflet, and will get into a considerable number of homes at little cost—about 1p per leaflet—if the campaign is successful. If anyone else is interested in getting free copies of the leaflet, they should contact Mrs. Dawn Finner, Public Relations Officer, National Mutual Life Association of Australasia, Austral House, Basinghall Avenue, London EC2V 5EP. The

PENSION SCHEMES, among their other functions, act as a means of tax avoidance with the approval, if not the blessing, of the Inland Revenue. Any lump sum benefit paid, should the member die while he (or she) is still working, will be provided without producing any liability to Capital Transfer Tax. Such payments—up to four times salary—can be very important to higher-paid executives, especially those in private companies, who might be large shareholders; and executive pension schemes have been sold more for the tax advantages than for the pension provided.

But, as with all good things, there is a snag. No member of a pension scheme can postpone taking a pension beyond his or her 75th birthday. On that date, the pension has to be paid, even if the executive is hale, hearty and putting in a full day's work. Consequently, the death in service benefit lapses. Although 75 seems a ripe old age, more people are surviving that long. And they have to think up other means of providing a CTT-free sum.

The common method is to offer a continuation option, whereby the executive can take out a whole-life policy for a sum

A scheme for CTT avoidance

assured at the level of his death benefit, without evidence of health—which may well not be too good at 75. The policy is written under trust, so that the premiums suffer CTT and the sum assured is free of tax.

But the level of premium is extremely high—for a sum assured on a 75-year-old of £100,000 with profits the annual premium charged by the Scottish Provident would be £11,725.

So if investors wish to minimise the impact of CTT, they must start saving comparatively early in life. Scottish Equitable has come out with an alternative, a supplementary plan to be used in conjunction with an executive pension scheme. It is called the 75-Plus Policy.

qualify for life assurance tax relief (that is, to three-quarters of the total premiums payable to age 75). At age 75, the death benefit is increased, on an actuarial basis, to cover the previous shortfall, and the accumulated bonuses become payable.

Let's take an example. If an executive takes out such a life assurance policy on joining his pension scheme, and he pays premiums of £1,000 a year gross, up to age 75, his death cover is £23,250. At age 75, the basic cover is lifted to £47,000 and the accrued bonuses amount to £105,600 (estimated on current interim rates) giving a total death cover of £152,600. This sum would be increased by further bonus additions.

The reduced cover before age 75 is supplemented by the lump sum death benefit. The increased cover after age 75 replaces the supplement.

But the scheme has its drawbacks. The executive's heirs lose out if he dies shortly before he reaches the age of 75. But more important, it is he, and not the company, that has to pay the premiums on the supplementary scheme.

Birds in the bush at Burma Mines

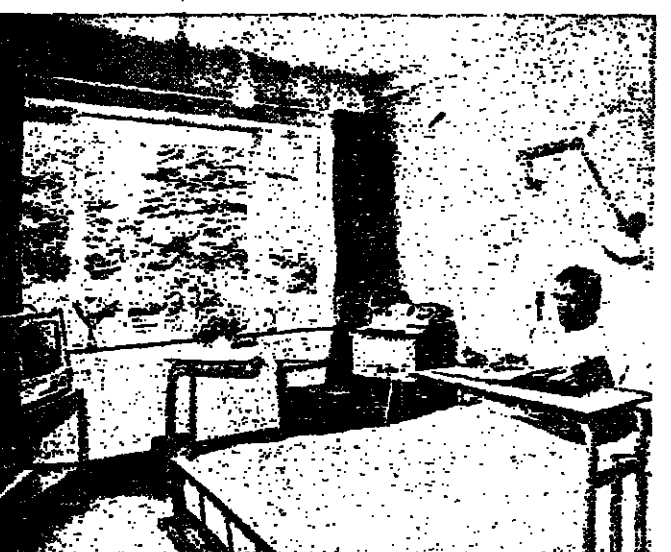
ANOTHER GO through the media boxes is indicated—particularly for those of you who live in India or the U.S.—by the latest developments at Burma Mines. Not that you are likely to find yourself worth a fortune, even if you do turn out to own some shares in what is an investment trust company. With many holdings of below 100 shares, and the price hovering around the 12p mark, there isn't likely to be much more than the odd few hundred pounds in it for anyone. Nevertheless, it's worth hunting out those old shares if you have them. For there is, for the first time in years, a chance that you'll get some return on the investment.

What you get depends entirely on whether the majority directors have their way at the extraordinary general meeting called for October 18. The majority directors—Messrs. S. Middlemich, W. A. Burckle, and D. A. E. Baer of managers John Govett—have been running the company which has a portfolio of investments, a £2.2m claim against the Burma government, and annual compensation payments of £37,500 (from that source) for years; and now they say that the assets are of a size to make a distribution. Not, however, a distribution of the common or garden annual variety of which shareholders have been all but totally deprived over the past decade, but a 10p a share, one-off payment which will absorb some £1.35m of total assets which—excluding the compensation claim against the Burma government—are worth some £1.7m.

Now you might, if you were a Burma shareholder, be in-

clined to take the money and go on your way rejoicing. But that reaction has not been universal. In fact, two directors, who between them control a stake of 24.4 per cent in the company, are opposing the move to the point of asking shareholders to vote their three-colour shares to the board. It has to be understood that at the root of the disagreement is the future conduct of this company lies the fact that it has an extremely large number—possibly 30,000—of extremely small shareholders. Making anything other than a handsome distribution just would not be worth the administrative costs involved; and Burma doesn't have the income to make a regular distribution of that sort. So the policy of the majority directors has been—and continues to be—not to make any distributions at all, but to concentrate instead on building up the assets of the company. The 10p a share distribution which they now propose would clean out most of the assets accumulated so far, and after it they intend to start on asset building all over again.

The two minority directors say that, taking the company as presently constituted, it should be possible to start declaring dividends in the next financial year—particularly if some time and attention is devoted to cleaning up the share register and trimming the number of shareholders. They also claim to have the expertise to build up Burma's



Getting together for private health

THREE WEEKS ago my sister bowl and mug. Little things: but went into hospital for an operation—nothing too serious, you understand, but completely disabling. She's been in plaster from the waist down and flat on her back almost all the time since. Being naturally gregarious, it didn't occur to her that treatment as a private patient would be desirable; and so she's been in a big National Health ward with 22 other orthopaedic cases to keep her company. She hasn't minded that in the slightest, but I very much doubt if she'll ever settle happily for the National Health again.

It hasn't been the standard of medical care that has been so disturbing, though they did leave the stitches in for two weeks so that the skin grew over them before they were taken out. It has been things like the fact that she wasn't properly washed for 24 hours after the plaster came off; nor was the sheet underneath her changed. It has been things like the fact that there has never been provision for her to clean her teeth: she's had to ask, specifically, every morning for someone to bring

enough to make anyone recovering from an operation miserably uncomfortable.

And the question is, is it worth paying £2 a week, or so, to eliminate the risk of being subject to them again?

For £2 a week is, as you can see from the table, very roughly what it would cost an individual

to pay for private health insurance. Very roughly because, as you can also see from the table, the range of subscriptions is extraordinarily wide.

It is in fact almost impossible to compare one private health insurance scheme with another that there are any number of discounts available to the participant at every now and again—because the range of benefits

is so wide. So BUPA alone are, as you can see from the table, against eight different tables, very well worth while levels of hospital, or nursing taking advantage of. Should you home accommodation charge, happen to be employed by a and three different scales of company which does not offer specialists' fees—surely an un-free private health insurance as necessary plethora of choice a perk—and more and more do with which to confront the consumer. Western Provident Association, smallest of the three organisations whose subscription charges are illustrated in the table, operates in the same fashion but on a very much reduced scale: consumers have only three possible ranges (non-teaching hospitals, provincial, teaching hospitals, and the London variety) from which to make their choice.

Private Patients' Plan, under its Premier Health Plan for individual consumers, also offers a three-way choice, with no time limit on the accommodation purchased in any one year, but ceilings on the refunds for specialists' fees.

The problem of choice is further complicated by the fact that there are any number of discounts available to the participant at every now and again—because the range of benefits counts of such a size that they

Discounts on private health insurance schemes (Annual subscription (£))

Plan	Individual	Group	Under 30	Age 30-39
BUPA Provincial Teaching Hospital	97.20	77.80	139.00	111.20
BUPA London Teaching Hospital	134.65	107.75	172.30	154.10
WPA Provincial Teaching Hospital	77.50	51.90	119.70	79.90
WPA London Teaching Hospital	99.60	60.45	139.00	92.90
PPP Plan 1 (London Teaching Hospital)	Individual	Trade or profession	90	99.84
PPP Plan 2 (Provincial Teaching Hospital)	Individual	Trade or profession	81	89.88
			68.88	74.44

* 30-49 years.

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TRAVEL

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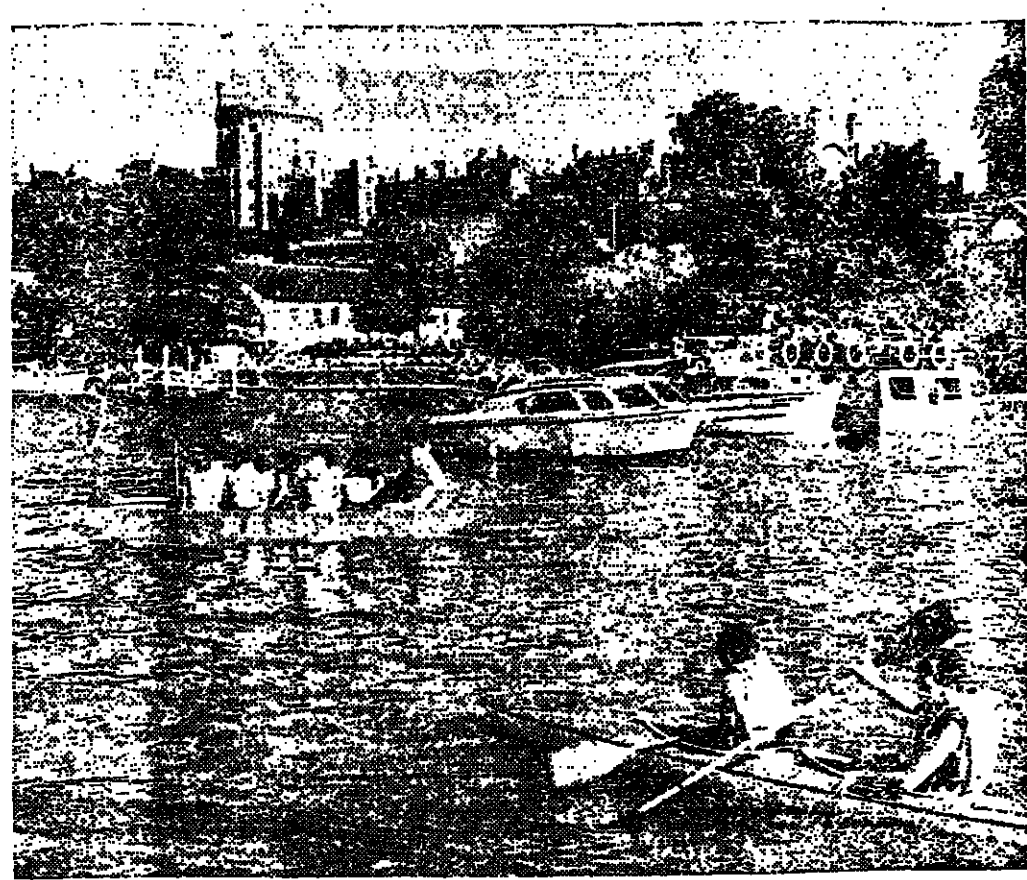
BY SYLVIE NICKELS

WHAT TO DO on this weekend of the Great Exodus? Those who are well organised will hardly need advice from me. Those who are not could try, as a first resort, to get details of what's on and what's going where from tourist information centres that exist in most towns and holiday places, usually well signposted, the larger ones open right through this weekend. In London, the ones at Victoria Station and Heathrow are open daily until late evening.

If you are in London or Edinburgh, you can also ring the Teletourist number (see the special dialling code book) for the latest news on what's on. London's collection of events is certainly wide enough, from the Greater London Horse Show at Clapham Common to the annual West Indian Carnival in the Notting Hill area. There will be plenty of rousing music in the parks, and all the major museums, art galleries and places of entertainment will be doing business as usual.

Not very helpfully, I asked various tourist and transport organisations which areas out of London they might suggest for avoiding the crowds. It depends on the weather, most of them said rather defensively and, indeed, poor things, how could they know?

British Rail, however, did make the point that one should not be too defeatist in dismissing an excursion on the principle it was bound to be fully booked. It can and does happen that everyone else has the same idea. So, in conjunction with some of Britain's 60 or so privately run steam trains, BR have a variety of day excursions to and in various parts of the country. There are also all kinds of all-in day trips combining breaks-of-journey in interesting cities, towns or countryside, some of them all-rail, some including sections of coach travel. Any rail station should have details of those locally applicable.



The Thames at Windsor

Your local dialling code book will give the numbers to ring for the latest motoring information and weather forecasts in different parts of the country. Armed with this information, it is a matter of common sense and a little homework to find a pleasant route that can reasonably be expected to be traffic-free. Signposted tourist routes avoiding heavy traffic on the way to popular holiday areas already exist in some parts of the country, but it is not very difficult to work out your own on a good map by keeping to "B" or, better still, unclassified roads.

The map should tell you pretty well what kind of countryside you will be passing through and what major historic (and pre-historic) sites you can expect to find on the way.

In unfamiliar areas, it obviously makes sense to avoid places you have read much about since others will probably have read much about them too. In the popular Cotswolds, for example, there are lovely old villages in the north-eastern fringes towards Banbury whose sleeping 1 guarantee will go undisturbed unless you all go there at once or unless there is a village fête. Villages like Hornton and Horley and Hanwell and Cropredy, though the latter will no doubt have its

share of canal users from the Oxford Canal that passes this way. The curious curved ridge of Edge Hill of Civil War battle fame is in this area, as are the stately homes of Upton House (extraordinarily fine paintings) and Compton Wyngates (very romantic in Tudor pink brick). Stately homes are likely to be crowded this week-end, though it's worth checking the car park if you are passing. Stately gardens offer more elbow room, and I came across a glorious one recently not far from the same area, near Moreton-in-Marsh: the 50-acre arboretum at Batsford Park whose 900-plus species of tree come from most parts of the globe. You won't find vivid flower beds here, but you will find exquisite and rare trees and shrubs in a beautifully maintained but natural setting, with an appropriately varied bird life to match.

I have gone on a bit about this very small corner of the south Midlands to show how considerable is the variety of a rather little known area within easy reach of major conurbations. The same is true of most regions, and any lack of foreknowledge can usually be remedied by a judicious hour or so spent in a local pub.

Walking or combined walking and motoring can be the best ways of finding some peace,

Your Weekend: Austria 27.28, Belgium 41.50, France 1.33, Italy 1.50, Greece 63.50, Spain 12.25, Switzerland 3.00, U.S. 1.95. Source: Thomas Cook.

Ontario's rival partners

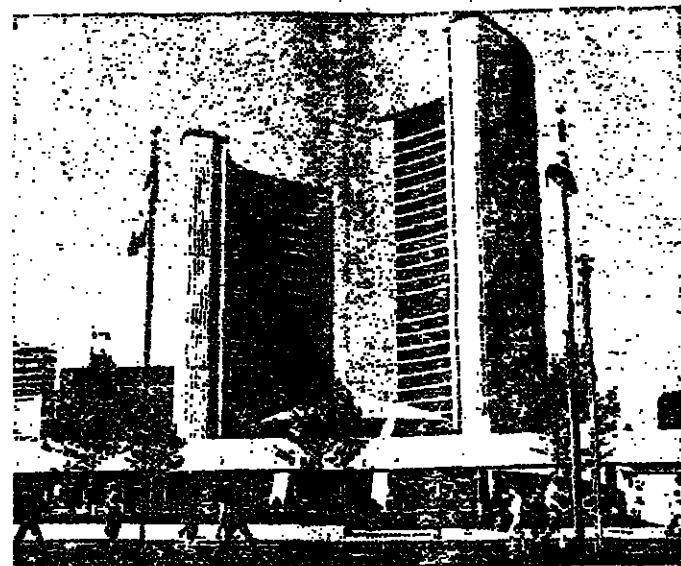
IN A nice way, Toronto has a Californian Laser Rock enthusiastic response from the audience supping refreshments at crowded tables. Toronto, by Canadian standards, was already quite sizeable in 1858 when Queen Victoria decided to make Ottawa the capital of the then Province of Canada. The decision was regarded by many as a huge joke: "A sub-arctic lumber village converted by royal mandate into a political cockpit," remarked one famous essayist. Such sour-grapism, however, had no effect, and those critics would undoubtedly be astonished today by the gracious, spacious and extremely pleasing sight the capital presents to its visitors and inhabitants.

Toronto may be four times larger, but Ottawa somehow has the maturity, emanating perhaps from such solemn architectural groups as the Parliamentary buildings on their hill above the Ottawa River, flanked by legal palaces and the baronial Chateau Laurier Hotel.

There were areas like Yorkville, too, with antique shops and smart boutiques; and Kensington and adjoining streets in whose "ethnic" market fresh local produce competed with Far Eastern spices and European cheeses.

In Canada, you just have to reverse all the usual European criteria of space and time. Distances are so vast that it is almost silly: history so relatively brief that wilderness has begotten wealth with breathtaking rapidity. Thus if you go (and you should) to Black Creek Pioneer Village, just past the last apartment blocks on the northern edge of the city, you step comparatively far back into Canadian history. The village consists mainly of early-mid 19th century buildings, but is no mere museum. The farm is a working one: the smithy, the print and weaving shops, the bakery, the herb garden, even the school are in use, and everyone is wearing the right period costume. You can buy their products, from a copy of the Toronto Weekly Message of July 30, 1859, to instructions on herb-drying and exquisite shawls woven by hand from hand-spun and naturally dyed wools.

And so back to the new Science Museum with wondrous multi-media displays and working models: the Planetarium, then featuring a brain-batter-



Toronto

BRIDGE

E. P. C. COTTER

THANKS TO Henry Francis and Sue Emery and the Daily Bulletin which they so ably produced, I am able to offer you today two interesting no trump contracts from the Open Pairs in the World Olympiad. Here is the first, dealt by West at game to East-West:

N. 10 8 5 2

K 8 6

3

A K Q 9 3 4

W. 4 3

10 8 7 3

A 9 8 2

S 6

S. 4 7

A Q 5

K Q 7 6 5

J 10 7

After West had passed, North bid three clubs. South replied with three spades, and South's three no trumps closed the auction.

West led the eight of hearts, which was won by the King, and declarer took stock of the position. Three no trumps was likely to be the popular contract, and as he had nine ready-made tricks, he was not going to get a generous allowance of match

CHESS

LEONARD BARDEN

KARPOV has had such a rough time with the black pieces against Korchnoi in the early stages of the world title match in Baguio City that it comes as a surprise that Karpov lost more games with White than with Black in his three-year reign as champion.

This is one of the odd facts to emerge from Anatoly Karpov's Games as World Champion 1975-77 by Kevin O'Connell and David Levy (221 pages, £3.50 paperback). One of two recently issued Batsford books which provide background to the match.

The text contains all Karpov's tournament games from Portoroz 1975, which he won shortly after Fischer defaulted the world title, up to Baguio 1978, where he tied for first with Spassky. The selection of exhibition games is particularly interesting for British readers since it includes all Karpov's encounters in the BBC-2 Master Game series and all the games of the Lloyds Bank clock simul against England juniors.

Even a quick glance at the contents reveals that Karpov's style is always pragmatic: when meeting a strong grandmaster opponent he will not object to a short draw if the overall tournament situation justifies it. But give him a strategic advantage, and he is patient, accurate, and ultimately deadly.

I found the most interesting feature of the book the selection of Karpov annotations which give some insight into his thought mechanisms and chess philosophy.

There are some tactical games, of course, notably the brilliancy against Dorfman in the 1976 USSR championship when Karpov had to win the game to catch the tournament leader, but

points for scoring just 400. So he at once led dummy's diamond, hoping to steal a trick in that suit before he ran for home. But West was Edgar Kaplan, editor of the American Bridge World, and he was not asleep at the switch. He took his Ace and returned the three of spades, which was won by his partner's King.

It was now East's turn to give some thought to the position, and he then returned the six of spades. West won with the Queen, and another spade allowed East to make the nine and Ace, and so beat the contract by one trick.

The declarer's play, which would be terrible at rubber bridge or at teams-of-four with IMP scoring, is almost devious at match-pointed pairs, where one has on occasions to risk one's contract in the hope of setting a better score.

The second deal is an object lesson in good declarer play:

N. 7 6

A 5

A 10 8 6

K 10 7 5

W. 10 10 2

10 9 7 6

4 3 2

J

S. 4 3 5 4

K 8 2

K 9 7

A 9 2

South dealt at game to North-South and opened the bidding

the overriding impression is that Karpov prefers strategic control of events: words like "necessary", "correct", "rational", "expedient" and "logical" recur.

The companion volume Korchnoi's 400 Best Games by Viktor Korchnoi, R. G. Wade and L. S. Blackstock (264 pages, £5.95 paperback) includes a review of Korchnoi's career and quotes from his remarkable autobiography Chess is My Life, and for fullest effect should be read in conjunction with that book.

These are selected games and thus exclude the routine draws of the Karpov collection. They bear witness to an all-round style, usually at home in combinatoric attack, wearing down of the opponent, and counter-punch defence. Comments are in symbol form, and the notation of both books is the "algebraic algebraic" used in the BBC Master Game.

Two well-known Karpov and Korchnoi wins: White: Anatoly Karpov, Black: S. Cabrera, French Defence (Las Palmas 1977).

1. P-K4, P-K3; 2. P-Q1, P-Q4; 3. N-B3, P-P; 4. N-KP, N-KR3 (an

inferior defence where Black's pawns are weakened): 5. N-N4 ch. P-N4 (Q-N4); 6. N-N3 threatens B-KN5; 7. B-K3, P-N3 (better B-Q2 and B-Q4); 8. B-K2, B-Q2; 9. B-B3, Q-B1; 10. N-R3, N-Q2; 11. R-P4, B-B1; 12. R-K1, B-B2; 13. B-R4, Q-B1; 14. P-R3, R-N2; 15. B-Q4, P-B5; 16. N-B4, R-B1; 17. R-KB3, R-B7; 18. B-K2, Q-B3; 19. O-R5 (denies the bishop exchanges, White's pieces are most active and Karpov goes directly for the black king); R-Q1; 20. O-N5 ch, K-N5; 21. O-N7, P-K4; 22. P-P2, P-P2; 23. O-R1, O-N1; 24. O-N4 ch, K-N4; 25. O-N7, Resigns (26. N-B4 mate threatens).

White: Viktor Korchnoi, Black: A. Lutikov, Modern Benoni (USSR championship 1980).

1. P-Q4, N-KB3; 2. P-QB4, P-B4; 3. P-Q5, P-K3; 4. N-QB3, P-B5; 5. P-Q8, P-Q8; 6. P-K4, P-RN3; 7. N-B3, R-N2; 8. B-K4, P-Q5; 9. B-N5; 10. B-R4, R-K1; 11. P-R3, N-KR7; 12. P-R3, B-N3; 13. B-QN3; 14. R-K1, B-R1; 15. R-K1, B-R1; 16. R-K1, B-R1; 17. R-K1, B-R1; 18. N-N5, O-K4; 19. O-N1, Q-P2; 20. R-N1, Resigns (P-R3; 21. O-N1, O-K4; 22. Q-P2).

POSITION No. 230
BLACK (10 men)

WHITE (11 men)

Posino v. Ploeger, Dutch team championship 1973. White (10 moves) has a powerful attack, but Black hopes for counterplay by advancing his KP. How should White force a win?

with one club, North replied South's rebid of one no trump to three no trumps.

West started off with the heart seven, dummy played low, and East's Knave was allowed to win. The declarer wisely employed this hold-up with two stoppers in order to sever the lines of communication between East and West.

Winning the heart return with the Ace on the table, South led a spade in order to attack first the possible entry in the West hand. The Knave was finessed in hand, losing to the Queen, and West cleared his suit by leading another heart to the King.

The declarer now turned his attention to diamonds, leading the seven and running it when West followed with a low card. East won with the Knave, but with no heart to return and with no desire to lead from either minor suit, he cashed his Ace of spades, and got off play with another spade to the King.

South made the thirteenth spade, throwing a club from the table, then cashed the diamond King and the King, Ace of clubs.

When West failed to follow suit on the second lead, the declarer had a perfect count on his hand—West had started with three spades, five hearts, and one club, and was therefore marked with the two remaining diamonds. Leading his nine of diamonds, he confidently finessed dummy's ten, and made his contract.

White: Viktor Korchnoi, Black: A. Lutikov, Modern Benoni (USSR championship 1980).

1. P-Q4, N-KB3; 2. P-QB4, P-B4; 3. P-Q5, P-K3; 4. N-QB3, P-B5; 5. P-Q8, P-Q8; 6. P-K4, P-RN3; 7. N-B3, R-N2; 8. B-K4, P-Q5; 9. B-N5; 10. B-R4, R-K1; 11. P-R3, N-KR7; 12. P-R3, B-N3; 13. B-QN3; 14. R-K1, B-R1; 15. R-K1, B-R1; 16. R-K1, B-R1; 17. R-K1, B-R1; 18. N-N5, O-K4; 19. O-N1, Q-P2; 20. R-N1, Resigns (P-R3; 21. O-N1, O-K4; 22. Q-P2).

White: Anatoly Karpov, Black: S. Cabrera, French Defence (Las Palmas 1977).

1. P-K4, P-K3; 2. P-Q1, P-Q4; 3. N-B3, P-P; 4. N-KP, N-KR3 (an

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Tree
fever

TREES arouse so much passion and fulfil so many roles that controversy about them is inevitable. At the most basic level trees control climate, create soil and purify the atmosphere by taking huge quantities of carbon from it and giving oxygen in return. It is said that the carbon dioxide content of the air has increased by ten per cent in recent years and presumably to some extent this is due to the reduction of the tree population of the world.

But trees also play a vital part in the creation of landscape and though we often disagree violently as to what is and is not desirable in such matters, no one argues that beautiful landscape is not important. There is also general agreement that the distinctive beauty of the British countryside is largely due to the use of trees in small woodlands, copses and hedgerows which break up the landscape into lights and shades and provide it with constant variations of colour, shape and texture. The great landscape gardeners of the 18th century understood this perfectly and used trees to create the lovely arcadian scenes which delight us today in such places as Stowe, Blenheim Palace, Longleat, Woburn Abbey, Tatton Park, Castle Howard and Studley Royal. They had thousands of less celebrated imitators and though it is probably an exaggeration to say that they created the English landscape they undoubtedly exercised a profound influence on it.

Yet even this is not the whole story. Trees are essential to us commercially and though we are never likely to be self-sufficient in this respect, we can save a lot of money on imports if we make the necessary effort. Trees are also fascinating as individuals and this is probably what attracts most private gardeners in the first instance, and is the prime motivation for most non-commercial planting. Great aboretums and pinetums may no longer be as fashionable as they were a century ago but they still continue to be made and one of the most extensive, at Jermyns near Romey, has only just passed from private ownership into the care of Hampshire County Council thanks to the generosity of its creator Harold Hillier.

Another smaller but fascinating aboretum is rapidly growing up on the northern outskirts of London in the grounds of West Lodge Park, near Barnet, once a private mansion and now a luxury hotel. There have been

trees at West Lodge Park ever since John Evelyn visited it in 1676 and described the garden as "handsome" and an impressive double avenue of 140 lime trees was planted before the entrance drive about fifty years ago. However the new aboretum, created by Mr. T. Edward Beale, was not really started until 1964 since when it has grown apace and now covers something like 13 acres with much more land available if required.

Frank Knight, formerly director of the Royal Horticultural Society's garden at Wisley, has been given ample space for full development and already embrace more than 200 coniferous and broad leaved species and varieties.

At Wisley a large area has been set aside for a new aboretum in which it is hoped that many trees that are scarce in cultivation and are unlikely

GARDENING

ARTHUR HELLIER

to be propagated commercially will find a permanent home with presumably, blash, blash or needs available to those who require them.

However most garden owners are not thinking of planting large numbers of trees but just a few well chosen specially loved kinds.

It is disconcerting to discover how many quite ordinary trees are in short supply. A list just to hand from the Horticultural Trades Association includes in this category such fine trees as the Swedish birch (*Betula pendula*), the common walnut, the tulip tree (*Liriodendron*), Turkey oak, common oak (but that, surely, should soon be rectified for this has been a splendid year for oak seedlings), red oak and

Robina Frisn. Stocks of oak and Spanish chestnut are described as "limited" and so are those of *Parus sibiricus* and *Parus sibiricus*, arguably the best small weeping tree for garden planting. Let us hope that someone is busily engaged ensuring that these and similar shortages do not continue for too long.

Meanwhile there are all manner of schemes afoot for increasing the availability of trees, the numbers that are planted and the preservation of those that are already there.

The Tree Council, in a brochure just published, states that the target must be at least 100m new trees just to maintain the present balance and well above that if we really wish to increase the tree population of Britain. The Council points out that in Europe many woodlands belong to towns and villages and so are maintained by public funds.

The suggestion is made that something similar is essential in Britain and the Council has all manner of useful advice for enthusiastic tree lovers who might prospect their localities for existing woodlands in need of maintenance and new sites of low or nil agricultural value suitable for tree planting and might then join with other like-minded persons to prod local authorities to take suitable action.

There is no shortage of organisations concerned with trees. The Men of the Trees has been campaigning for years, the Arboricultural Association now incorporates the Association of British Tree Surgeons and Arborists and is largely professional in membership. The International Dendrology Society brings together tree lovers from many countries. It has its own conservation committee deeply concerned with the preservation of rare species and varieties.

Something of a stir was caused this week by Honda's entry into the mower market. A sizeable sales battle looks likely next Spring.

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HOW TO SPEND IT

by Lucia van der Post



Sprogs' togs

SOME readers with young children of their own or grandchildren may remember that last year I wrote about the knitted designs by Baa Baa Blacksheep which I thought were some of the freshest, most original clothes for children that I'd seen in years. Baa Baa Blacksheep is run by Ute Pilditch, who is the creative talent behind the colour and design sense. When I wrote about them first Baa Baa Blacksheep clothes were only available from two London shops, which made it difficult for out of London readers.

Now, however, readers who want original clothes for children can order a few Baa Baa Blacksheep knitted garments, as well as other stunning children's clothes, from a mail order company, new to me, called Sprogs' Togs, P.O. Box 4, Haddington, East Lothian, Scotland. Just send a 7p stamp.

Sprogs' Togs offers a full colour catalogue so you'll be able to see just how delightful Ute Pilditch's colourings are. Her knitwear isn't cheap, as only pure wool is used and everything is done by hand. This particular heavy knit jacket has an oatmeal/rust back-ground with a blue house and a green tree on it. Available in sizes up to six years, the jacket is £17.25 (postage and packing charges are 50p up to £10 worth of orders, 85p on orders over £10).

The rest of the collection of clothing includes children's classics like soft brushed-cotton shirts, velvet party dresses, Aran waistcoats, as well as soft flowered dresses for a more dressed-up mood. If you're looking for children's clothes with the dash and style that is usually more often found abroad then I recommend the Sprogs' Togs range to you. Prices aren't low but only the finest materials are used and nothing has that mass-produced, skimpy look.

Steaming through the gardens

BRESSINGHAM GARDENS, at Diss, is a wonderful place for a day out. There are two main attractions: the gardens and the steam engines. The nursery is basically a wholesale concern, part of a 450 acre farm, and was founded by Alan Bloom in 1946. In 1953 he developed a special way of growing perennials: he now has six acres of them—the biggest collection of hardy perennials in the country and possibly in the world.

Altogether there are 5,000 different types of plants, including alpine, heathers and dwarf shrubs, all clearly labelled and all growing in island beds. This type of island bed has been devised by Alan Bloom to be easier to manage—particularly for the elderly—than the older sort of herbaceous borders which are often too wide.

You may see also plants you have never seen before, being grown and perfected before they are ready to be put in the catalogues. I was fascinated by Veronica Virginica Alba, which grows to five feet high but never needs staking, alive with visiting bees and ladybirds. There was Ajuga reptans with bright blue flowers and crinkly metallic purple leaves—and many new varieties of Hosta.

A plant which attracted much attention was the lone annual Alan Bloom had popped in to fill a gap: dimorphotheca ecklonia, a daisy with a navy blue eye. Its glistering white petals looked as if they had been starched and ironed after washing. It only opens wide in the sun, but I think it is still worth growing. You can sometimes get the seeds from Thompson and Morgan who also sell the variety Glistering White (as do Suttons), which has three inch wide blooms, though the centre is not quite as blue, large or shiny as the ecklon variety.

Even those who are bored by gardening will find Bressingham Gardens a fascinating place because there is so much to see and do. Strolling on the lawns amid the flower beds with a background of tall trees, an air of Edwardian splendour is

conjured up by the 68 keyless Voigt Street Organ—one of only two in Britain—which plays Strauss waltzes, the Poet and Peasant overture, and the Stars and Stripes.

It was in 1961 that Alan Bloom bought his first steam engine as a hobby. His collection subsequently grew until there are now over 40 either on wheels or stationary.

On open days there are eight or nine working and you can take a trip on the footplate of a steam engine, or on one of the steam-hauled 15-gauge Waveney Valley line engines—there is five miles of track around the museum, farms and gardens. The children can ride on the steam roundabout with its exotic cockerels and horses with flaring nostrils, and marvel at the lovingly restored steam engines, gleaming with hand-polished brass, in the museum.

There is really drinkable tea and the home-made buttered scones and other light refreshments available from local caterers are at reasonable prices. Or if you take a picnic it can be eaten in ideal surroundings.

Bressingham Gardens is open to the public on Thursday and Sunday afternoons from May to September, Wednesdays during August, and on Bank Holiday Mondays, from 1.30 to 6 pm. September 7 is the last Thursday and September 24 the last Sunday. Admission is 50p for adults and 30p for children aged 4-14.

There is a special weekend—September 2 and 3—when plants will be on sale to the public often in pots larger than those normally available.

Plants are available on other open days but only in limited quantities. Readers not living near, or travelling to, Diss may send 20p to Bressingham Gardens, Diss, Norfolk, for the catalogue from which they may order plants etc. by mail.

Bressingham Gardens is on the A1066 Diss-Thetford road, 2½ miles west of Diss.

AGNES KINNERSLEY



Special edition

IF YOU are looking for a really special present you might like to consider a very fine, hand-bound copy of "The Country Diary of an Edwardian Lady". Almost everybody will have read or heard of this book—it was one of last year's successful book publishing stories: it sold in its thousands and was one of the most popular Christmas presents the book trade had ever seen.

W. T. Morrell are specialists in fine book-binding (and incidentally in restoration work as well) and they immediately thought that this was precisely the kind of book that merited a special binding. They are therefore offering the identical facsimile copy of "The Country Diary of an Edwardian Lady" that is published by Michael Joseph, but they are offering it with a green Morocco half-binding. Those who may think that this kind of hand-bound book is very expensive may be interested to know that somewhere between 30 and 40 different processes are involved in a hand-binding. It is all hand-tooled in 22/23 carat gold.

The book itself, for those who have not yet discovered it, is totally beguiling. Edith Holden recorded in words and paintings the flora and fauna of the British countryside throughout the changing seasons of the year 1906.

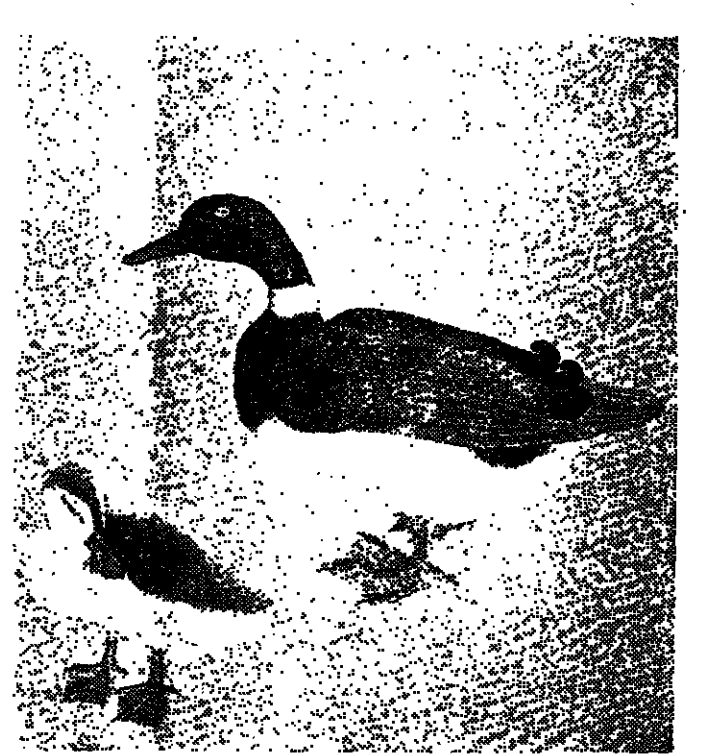
Each month of the year is dealt with separately, accompanied by the author's own notes and quotations from her favourite poets. The paintings themselves (a small section of one is reproduced above) have a gentle, old-fashioned charm that seems to capture the feeling of the British countryside. It is certainly a book well worth a fine binding. You can buy it from a few leading booksellers or direct from W. T. Morrell, 47, Nottingham Court, Short's Gardens, London, WC2 for £49.50.

Silken delights

GEORGE SPENCER of 36, Sloane Street, is one of those small, select decorating companies that specialises in doing those gentle, traditional country houses that couldn't be anything but English. They are past-masters at that lovely, cluttered, lived-in atmosphere that looks as if it's happened naturally over the years, but in fact is the product of several expert eyes and many thousands of pounds.

The company provides all the usual services of a decorating firm—they will plan anything from one room to a complete house or suite of offices, from the paintwork down to the last ashtray, if that's what you want. As a result of their activities, though, that may interest a wider group of people is that in the course of their decorating work they collect and gather a unique selection of what, for want of a better word, I would call furnishing accessories—that is, all the really attractive bits and pieces that give character to a room and a home.

There are wonderful antique reeded boxes (apparently an 18th century rarity these days), marvellous papier-mache trays



Entertaining the upper crust way BY PHILIPPA DAVENPORT

A RAISED pie is neither difficult nor expensive to make. It provides a handsome centerpiece for the buffet table and is an ideal cut-and-come-again food for cold lunches and suppers in holiday time.

Hot water crust is exceptionally quick and easy to make—even for those who consider themselves too heavy-handed to be good pastrycooks. You don't need icy cold hands or a marble slab; there's no messy and time-consuming rubbing-in or careful folding and rolling of fat into flour. As with choux

pastry, liquid and fat are simply brought to the boil then quickly stirred into the dry ingredients. Flour, salt, water and lard are the classic ingredients but I think both flavour and texture are improved if part of the lard is replaced with dripping or butter and part of the water with egg yolk.

More tricky than making the pastry is moulding it, but this demands more care than skill and the secret for success lies mainly in using the dough when it is warm and beautifully malleable. If too hot it will just

slide down the sides of the mould; if too cool it will be difficult to shape without tearing.

Using a traditional hinged and fluted pie mould undoubtedly helps to produce professional-looking results. These moulds are, however, surprisingly expensive to buy and you can perfectly well use a cake tin with a removable base instead.

A removable base is important for easy unmoulding: if you decorate the pastry sides after unmoulding, the resulting pie can look just as impressive as

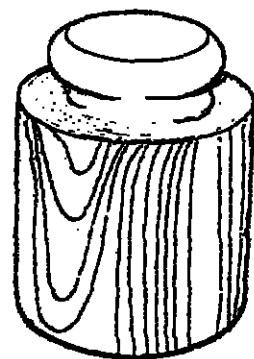
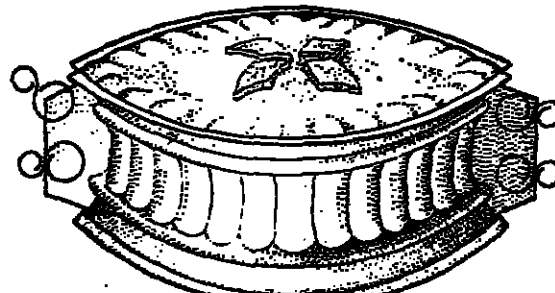
one made in a traditional fluted mould.

But the time-consuming thing about making a raised pie is preparing the filling. This needs to be done before making the pastry and can take an hour or so if poultry or game and a manual mincer are used. All sorts of meats can be used.

The points to remember are to keep the filling succulent by using about one-third fat to two-thirds lean; to mince or

chop the meats quite finely so that the choked pie slices neatly; and to spice the mixture generously to allow for slight dulling of flavour when food is served cold.

You also need to make a good jellyed stock to pour into the pie after cooking—to fill up any gaps caused by meat shrinkage. The stock can simmer away while you prepare the filling and bake the pie but I prefer to make it a day ahead.



David Mellor, 4 Sloane Square, London, SW1, sells these oval moulds of hand-beaten tin in three different sizes: 1 pint size is £8.14, 1½ pint size is £8.69 and 2½ pint size is £10.21 (p+p 80p for any size).

The traditional method of making a pork pie was to raise the pastry case round a wooden pie mould like this (see above). 2½ pint size costs £4.85 (p+p 95p), while the 1½ pint size is £2.95 (p+p 75p).

CHICKEN AND HAM PIE serves 8-10

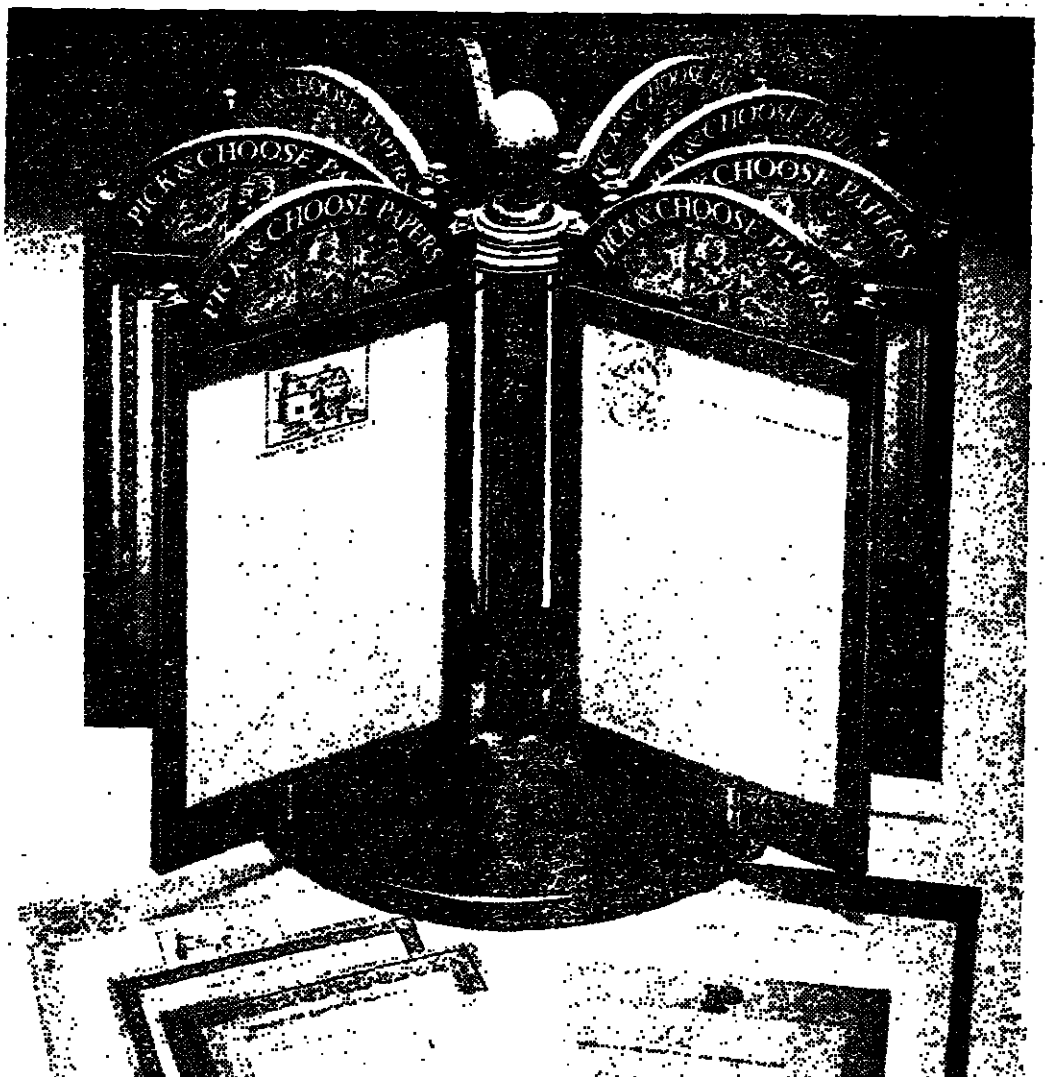
1 lb hot water crust pastry, 1 pint jellyed stock. For the filling: 1 lb-1½ lb 2 oz raw chicken meat (skinned and boned weight), 10 oz lean ham, 1 lb hard pork back fat, 2 oz anchovy fillets, 2 tablespoons sherry, 1 teaspoon each nutmeg and cinnamon, 1 teaspoon ground cloves, salt and pepper. A bird weighing about 3½ lb will yield the right amount of

flesh. I recommend Matton's old smoke as an excellent choice of ham. Use the chicken carcass plus trotters and seasoning to make the stock. Cut the breast meat into slivers and chop the anchovies. Mince the remaining meats, including chicken liver if available. Other-wise follow exactly the same method as for raised pork pie but go carefully when adding salt because of the anchovies

RABBIT PIE WITH PRUNES serves 8-10

1 lb hot water crust pastry, 1 pint jellyed stock. For the filling: 1 lb rabbit meat and 1 lb fat belly of pork (boned weight in both cases), 6 oz streaky bacon, 12 prunes, 2 teaspoons thyme, 1 teaspoon each nutmeg and cinnamon, 1 teaspoon each nutmeg and cloves, 1½ finely grated zest of an orange, plenty of salt and pepper. To get 1½ lb net weight of rabbit meat you will need to buy

between 2 and 3 lb—it depends on whether you buy meaty saddle pieces only or whole rabbit which includes the bony fore-end as well. Hare can be used instead of rabbit. Either way, use the bones plus trotters and seasonings to make the stock. Soak the prunes overnight in cold tea, drain, stone and chop. Cut the bacon into matchstick strips, and mince all the remaining meats. Otherwise proceed as for raised pork pie.



First class mail

STATIONERY has been getting steadily prettier over the years (though not, unfortunately, any cheaper). Once upon a time Basilidon Bond was the height of most people's epistolary ambitions and elegant though it still is, it's nice now that there's lots more variety.

Instead of being restricted to a choice of white, cream, or shades of blue or grey you can now have your very own paper in crimson red, sludgy green, creamy yellow. You can have it with or without borders. You can have it elegantly simple with just your address printed clearly across the top, or more extravagant souls can go for a richly decorative border or enigmatic ones can opt for writing paper that is simply minimalist.

Though the range of choice has been expanding all the time, you usually had to choose between ordering your own headed writing-paper from a fairly narrow range of colours and patterns or buying one of a pre-packed range of pretty but impersonal designs that were, inevitably, available to many others in just such a form.

Pick & Choose Papers is a new company that has had the bright idea of offering and expanding the range of both the pre-packed and the special order market. For instance, if you want to walk into a shop and pick up a pack of beautifully-designed, unusual writing-paper then you can do so—you aim for their "Instant Delights" section and choose a pack of 20 full-size sheets of writing-paper and matching envelopes in a wide variety of styles. There are simply initiated sheets of paper with very elegant steel-grey envelopes. There are papers with borders, ranging from the highly ornamental to the very restrained and

elegant. A pack from this range will cost £1.90 and they can be found at the General Trading Company, 144 Sloane Street, London SW1; Partners, Star House, Barnard Castle, Co. Durham or from Eggleston Hall, Barnard Castle.

If, however, you want something designed specially for you then at the same shops you can choose your own typeface, border design, initial, etc., and devise something special for your needs. The range of possible combinations is so large that I defy anybody not to find something they like among it. You can order the individually-printed papers from any of the shops already mentioned, all of which carry a special display which makes it easy to assess the numerous possibilities.

If you aren't near any of the shops you can order by mail. If you send your name and address to Pick & Choose, 43 Markham Square, London SW3 and enclose 50p (which is refundable on ordering) as well as 15p for postage, you will be sent a special pack with a selection of papers to help you choose what you'd like. There's a sample envelope, samples of seven letterheads, printed actual size, swatches showing all the Conqueror paper colours offered, a typeface list and so on. Once you decide to order delivery takes between two and three weeks.

Anybody who hasn't bought stationery for a couple of years will probably be horrified at the cost but if you've been following the fortunes of the paper industry you won't be unduly surprised. Prices vary but to give you some idea, 500 sheets, A4 size, printed with address starts at £71.74, 500 matching envelopes are £15.69.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY

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Saturday August 26 1978

Living with reality

ON WHAT appears to be the wide popular resentment of hot, sticky threshold between the holiday season and the election season, the market has drifted into a cheerful coma. The summer dramas of a falling dollar and rising equities seem to have played themselves out for the time being, and investors seem relatively calm about the future. In the country at large this mood may be put down to a combination of a pleasant but delayed summer, and a tribute to the Prime Minister's masterly and carefully sustained inactivity; the latest polls suggest a slowly hardening preference for a Conservative administration under Mr. Callaghan to a radical one under Mrs. Thatcher.

Predictable

The apparent complacency in the markets, however, seems to rest on something a little more solid than the image projected by Uncle Jim. The whole economic system seems at last to have come more closely to terms with the inherently unstable world which was ushered in by OPEC and the floating of exchange rates. Inflation at rates which would once have caused panic is now accepted—not because people do not object to it but because they think that they know within fairly narrow limits what the rate will be. Gyrations in the exchange remain large but they do not seem to swing about some discernible trend. Trade and growth remain sluggish outside the U.S.—and will probably soon be sluggish there too—but there is some growth left in the system. There is no longer any talk of national bankruptcy, the collapse of capitalism or of Western democracy. The system may creak, but it seems to work in a reasonably predictable fashion.

If markets are better adjusted to reality, it is partly because governments appear to be so. In this country especially it is realised on both sides that the growth that can be secured in a small open economy through depreciation or demand stimulation is hardly worth measuring against the risks incurred. A political system in which price stability is the greatest vote-winner is one in which the siller and more expensive initiatives are tightly constrained. The market seems to be saying that in macro-economic terms the outcome of any election in the near future is unlikely to have any very dramatic results. The world-

Incentive

This convalescent calm is a great deal better than living in a permanent state of shock, but it is to be hoped that it does not last too long. It is certainly not true either that there is now nothing radically wrong with the British economy, or that there is nothing to choose between the prospect offered under the rival political parties. It would be a tragedy if the need to reform industrial relations, or to bring some incentive back into the economy, should be forgotten in the conviction that radical change is altogether too troublesome when we are not too desperately uncomfortable as we are. To adjust to reality as it is, or to shun it for all time, in this sense the market, which often uncannily mirrors the national mood, is giving a warning rather than conveying reassurance.

Fortunately, though, this kind of sleepiness seldom lasts. We have seen radical changes in the leadership of the trade union movement, and the arrival of Toshiba and Peugeot-Citroen may be the beginning of some needed changes in industrial leadership. In time, too, could yet produce a more exciting result than the Prime Minister might wish. Investors may enjoy the present calm, but should hope for rather more turbulent times.

Letters to the Editor

Taxation

From the Vice-President, the National Federation of Self-Employed and Small Businesses

Sir,—Is there no end to Sir William Pile's relentless attack upon the self-employed and small businesses? Your item on the back page "Move for Earlier Payment of Tax" (August 24) illustrates once again that the Inland Revenue headed by Sir William is determined to reduce the country's small business sector to negligible proportions.

The determination to achieve this end has been displayed clearly by the zealous activity of Revenue officials over the "indecent" inquiries into traders' accounts which has resulted in many more small businesses being asked for additional taxation and reducing their already pitiful reserves of working capital. This new proposal will accelerate the process and force many more thousands out of business.

It cannot be understood how any Government can so vociferously support, on the one hand, a policy of help and assistance to the small business sector (even to the extent of appointing a man like Harold Lever to study the problem) and yet so unhesitatingly allow Sir William Pile to continue his pillage of the very same individuals.

Why is it necessary to pay tax earlier? Upon commencement of self-employment the first year's accounts usually form the basis of three years' tax assessment and the person assessed under Schedule D pays tax for each part of the tax year during which he has been self-employed. Upon cessation, the actual basis is again implemented and the Revenue has the option to choose the maximum profit (either the actual or previous year basis) for assessment over the last three years' business.

The study undertaken by the Inland Revenue indicates that the real policy of both the Government and the civil service is to rid the country of small businesses entirely. And yet imagine this at a time when there is already a dire queue of 1.6m. Eradicate the small businesses

and a further 8m employees will join that queue.

It is an argument that the small business sector needs, instead of squeezing the wealth creator dry, positive investment, practical assistance and an easing of the bureaucratic burden upon the self-employed and small businesses? Your item on the back page "Move for Earlier Payment of Tax" (August 24) illustrates once again that the Inland Revenue headed by Sir William is determined to reduce the country's small business sector to negligible proportions.

Rollstone House, Bridge Street, Newcastle, Lancs.

Secretaries

From Mr. B. Campion.

Sir,—I'd be the last to criticise the way we rightly censure the Secretary of the Year—and like wise I'd be loath to leap at the accounts of those who quote for those who'd win this vital vote. The only thing that gets me down about the one who wins the crown concerns the never-changing gender of each year's well-endowed contender. We're now resigned to all the jollity of full-scale sexual equality—observing which it seems absurd they always have to choose a bird! It's true the journalists employ their yearly clutch of clichés coy about the gifts a girl receives when to this title she aspires, but notwithstanding all their quips re tender charms and slender hips and sitting on the boss's lap—why can't the winner be a chap?

B. Campion.
34, Trenemague Gardens, Monmouth, Plymouth, Devon.

Circuitry

From Mr. K. Sweeney.

Sir,—Once again I am obliged to lay to rest some misconceptions about our report on the maximum profit (either the actual or previous year basis) for assessment over the last three years' business.

The study undertaken by the Inland Revenue indicates that the real policy of both the Government and the civil service is to rid the country of small businesses entirely. And yet imagine this at a time when there is already a dire queue of 1.6m. Eradicate the small businesses

THE ATMOSPHERE within British Leyland after last year's toolroom strike was a little like that in Europe at the end of the First World War: few believed that such a catastrophe could happen again. Unfortunately it could.

The general outburst of relief at the end of the month-long strike—by far the most damaging since the State-financed rescue of the company—was so loud that it drowned the doubts which the strike leaders were even then expressing about the peace formula.

It is sometimes assumed that if a strike is called off, the issues behind it have been resolved to everyone's satisfaction, leaving all sides to face the future afresh. This was far from true in the toolmakers' case and anyone who has believed during the 18 months since they returned to work that the toolroom workers would never again bring BL to its knees has done so on the basis of nothing more than the vague premise that lightning seldom strikes twice.

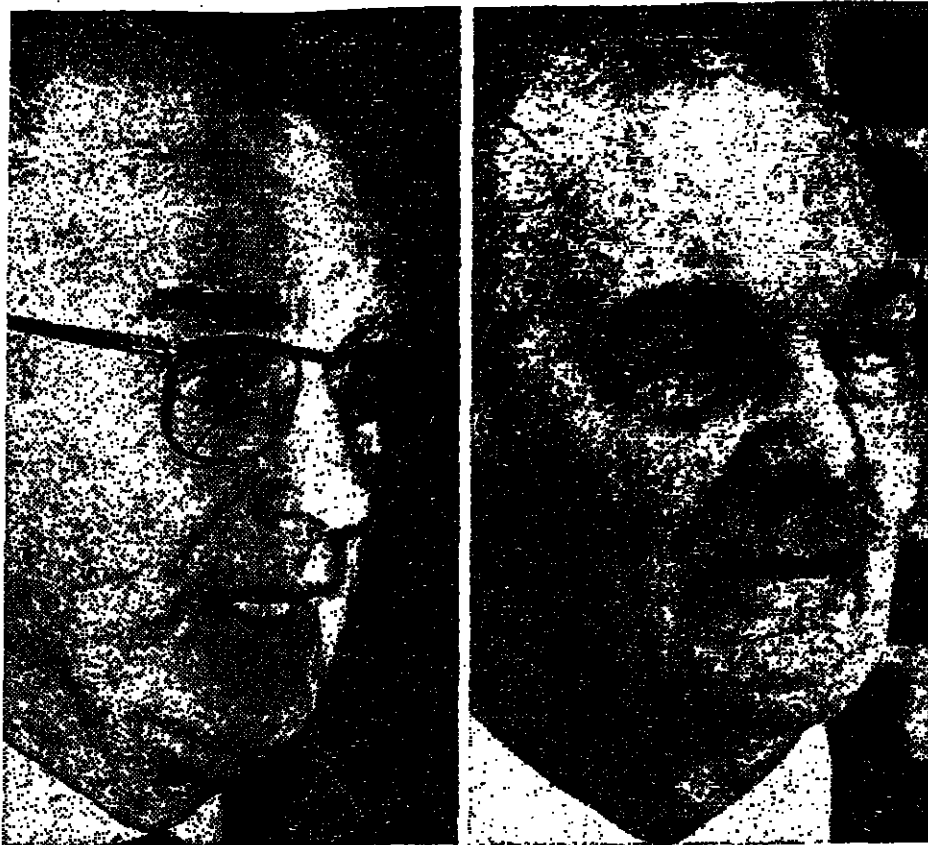
But crisis point arrived again on Thursday afternoon, when Mr. Ken Cure, East Birmingham district secretary of the Amalgamated Union of Engineering Workers, emerged from a district committee meeting to announce that unless 32 toolmakers at BL's SU Fuel Systems factory called off a three-week-long stoppage by Monday, they would be expelled from the union.

The new crisis is one not only for the company, which could once more face appallingly damaging industrial action, but also for the union—now speeding along a collision course with an influential section of its own membership.

The immediate dispute at SU appears trifling, but has been intimately tied up with the BL toolmakers' wider battle for separate bargaining rights, parity and improved differentials which has been going on for several years.

In March, 1976, the SU toolroom went on strike protesting at delays, caused by pay policy, in implementing an agreement dating from 1974 which was intended to give them parity with BL toolmakers elsewhere in Birmingham. Disputes over similar parity and differential issues broke out in other BL Midlands toolrooms, with the SU strikers and others defying AUEW executive instructions to return to work. It was with only the greatest difficulty that the union leadership regained control. Strike leaders were called to London and, after appeals to support pay policy and avoid action which would jeopardise the company's market position, they finally persuaded their members to return to work.

The lesson of the whole affair was that discontent over parity and differentials in the tool-



Figures in a troubled BL landscape: current AUEW President Hugh Scanlon (left); incoming President Terry Duffy (centre); and Roy Fraser, leader of the toolmakers' unofficial committee.

rooms was building up into a much bigger dispute. This broke out exactly a year later. BL's pay structure is being completely reorganised as part of the settlement of last year's strike. It is intended that from November, 1978, the toolmakers will be in the first grade of a four-tier structure with parity throughout the company. But the SU men are on strike again now because they say the past promises which they received on their 1974 grievances were not conditional upon the introduction of a completely new company-wide structure and they believe the two issues should be dealt with separately.

Continuing discontent

What appears to be a comparatively minor argument assumes much greater significance because of the toolmakers' continuing discontent with the official AUEW leadership's handling of their grievances. In June the toolmakers voted to start withholding subscriptions until the union gave backing to their demands for separate bargaining rights. When the strike actually started in the SU toolroom, the unofficial committee which led last year's stoppage immediately began organising financial support for the strikers.

Clearly, it appeared to AUEW that the toolroom committee was using the SU strike as another excuse for a bigger fight—"paid mercenaries" was how one district committee member described them after

Thursday's meeting at which the expulsion decision was taken. The district committee's decision to take away the strikers' union cards if they do not return to work was endorsed as "courageous" by Mr. Terry Duffy, who becomes AUEW president in October, and heralds the start of a drive to rid the union of the influence of the toolroom committee once and for all.

Mr. Duffy inherited the toolmakers' problem as soon as he became the Midlands' member of the AUEW executive three years ago. They rejected his attempts to end last year's strike and some of the toolroom leaders made no secret of their preference for his opponent in the Presidential election. But Mr. Duffy won, and it will not be surprising if he wants to rid himself of the toolroom problem early in his period of office.

The existing president, Mr. Hugh Scanlon, occupies a very committed position on Leyland. His membership of the National Enterprise Board gives him a particularly intimate understanding of the financial problems which have faced the company and he has frequently and passionately appealed to its members to play their fullest part in making the State-financed rescue a success.

The third leading character in the quite major drama which is building up within the AUEW is Mr. Roy Fraser, toolroom shop steward at Cowley and leader of the unofficial committee. Mr. Fraser is himself running for a seat on the executive, after polling an impressive 19,000 votes as an out-

sider in the presidential election, and believes that some of the union's internal structures need altering to give groups like the toolmakers more control over their own destiny.

Mr. Duffy made it clear on Thursday that if the toolmakers are not back at work next week, disciplinary action might not be confined to them. Members who gave financial support to people acting in breach of rule, he pointed out, were themselves liable to discipline. There was no need for him to go so far as naming Mr. Fraser.

The grievances of the toolmakers so far as their position in industry is concerned are by now quite well known. They feel that their skills and training are recognised neither in their pay nor, perhaps even more importantly, in their status. Of the 32 toolmakers involved in the start of the SU strike back in 1974, about two-thirds remain today. Some have been promoted and others have retired. But others have left the engineering industry for less skilled jobs elsewhere—some of which no toolmaker believes would happen if the toolmakers' contribution to industry was properly recognised.

During the past two years, the toolmakers' anger has turned increasingly towards their union and has exposed some of the huge contradictions with which its leaders have to live. No longer can the AUEW regard itself as the natural craft union in the car industry with the TGWU relegated to looking after the semi-skilled and unskilled. Today the leaders of

both unions have to serve skilled and unskilled members with interests which are not always compatible.

To add to the difficulties the AUEW's structure makes pay bargaining the responsibility of district committees on which all members in a geographical area are represented. This does not allow the same amount of company or industry level responsibility for pay bargaining which is a common feature of many other unions.

Not first priority

All this helps to make the toolmakers feel swamped. They naturally welcome the moves which are being made towards parity in BL, but equal pay between one toolroom and another will not in itself solve the wider-differential problem. The toolmakers realise that representatives of the numerically-dominant manual workers are unlikely to go into negotiations with improved differentials for craftsmen as their first priority.

Suggestions that parity across the toolrooms alone will restore peace to the toolrooms are therefore likely to prove over-optimistic. The demands for separate bargaining rights will continue. So will demands for concessions such as staff status and parity with the staff-graded machine tool inspectors—and possibly some novel ideas like a craftsman's right of veto over any national pay agreement in BL which does not

protect their interests. The question posed by the SU strike is whether the AUEW will be leading such a fight or resisting it. Mr. George Ragan, shop steward of the SU toolroom group, commented: "Our union regards itself as democratic and we are opposed to refusing to accept the instructions of a democratically elected district committee and executive. But one of the tests of a democracy is the way in which it takes care of minority groups."

Threatening noises

It is by no means certain that if the SU expulsions go ahead, the toolroom committee will call for further strike action although it has been making threatening noises in recent weeks. The committee prides itself on taking what it believes are reasoned and considered decisions. But if another toolroom strike were called, the AUEW executive would have to consider instructing other members to allow the toolmakers' jobs to be taken over by inspectors and supervisors — something which it was preparing to do just before the last strike was called off.

The executive would then have to hope that it could keep the bulk of the membership loyal to the leadership and it would have some chance of success. Toolmakers are regarded as an élite, crowded by many other engineering workers and AUEW Birmingham officials successfully persuaded 600 other SU workers to help overcome the effects of the strike earlier this week. Many members of the district committee which on Thursday decided to expel the strikers were themselves craftsmen, indicating that it is not simply a war between the skilled and the unskilled. Unofficial groups within unions are not, in any case, generally beloved by either officials or members.

There is little doubt that the toolroom committee has passed the peak of the power which it held at the time of last year's strike. But no one knows to what extent a fight over the expulsion of the SU strikers might revive that power.

Victory for the executive might be achievable only at a terrible price. The union would be running the risk of being able to gain unity only through mass expulsions or mass resignations.

The AUEW is no easier to lead than any other political coalition; but because it is a coalition, compromise frequently has to prevail and there will be many members this week-end hoping that an all-out blood-letting between the toolmakers and executive can be avoided.

As Mr. Fraser has commented, expelling members does not expel the problem.

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John, 10/10/78

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

South Crofty, the recently floated mining subsidiary of Saint Piran, has made an agreed £2.2m bid for the Cornwall-based Tellyd Minerals. The offer comprises five South Crofty for every four Tellyd shares. Arrangements are in hand to underwrite the offer for 70p cash per share. The cash alternative, however, is conditional upon the offer becoming unconditional and will be available only up to the offer's first closing date. Earlier this month, Mining Investment Corporation made a bid for Tellyd shares other than the 685,000 it already owned. Mincorp's shareholding has since been increased to 25.8 per cent. Saint Piran, which holds 65 per cent of South Crofty, has bought the Mincorp holding at 70p per share and intends to accept the South Crofty offer.

Birmingham and Midland Counties Trust consider the cash and shares offer worth about £8m made by Johnson and Firth Brown for Weston-Evans to be inadequate and will not accept in respect of its 42 per cent stake. BMCT state that it would seriously consider an offer which in its opinion adequately reflected the true value of Weston-Evans' shares.

The Thomson Organisation is extending its oil and gas activities to the U.S. by forming an on-shore exploration and acquisition partnership with Monteth Minerals, a privately owned American company.

Dome Petroleum, the Canadian oil and gas exploration company, is taking over Siebens Oil and Gas in a deal worth close to £400m (£180m). Siebens has a stake in the North Sea via its 32 per cent stake in Siebens Oil and Gas (UK). The Siebens

family, which has a controlling shareholding in Siebens, has agreed to sell to Dome—and so has the other major shareholder, Hudson's Bay, which has a 34.8 per cent stake.

Wrengeat, an unlisted textile company in Manchester has agreed to buy 29.9 per cent of the clothing company K. O. Boardman International for £1m.

Toshiba, the Japanese electrical giant, has signed a joint venture agreement with Rank Radio International for the production of television sets in Rank's West Country plant. A new company called Rank Toshiba is to be set up with Rank owning 70 per cent and Toshiba 30 per cent. Rank is contributing its two factories in Plymouth and one in Redruth, Cornwall, together valued at £7m and employing 2,850 people. Toshiba's contribution will be £3m in cash plus the supply of technical expertise. The British Government has welcomed the deal and is making available £195m to the new company in the form of an interest relief grant.

Company bid for	Value of bid per share	Price per share	Value of bid per share	Price per share	Final offer
Boussier Eng. Corners	43*	42	36	2.58	Kaye Organ.
Crosley Building Products	105*	104	64	7.07	Bowater
Customs	21*	18	19†	1.10	Woodruffe
Eastwood (J.B.)	132*	142	90	31.53	Cargill
Eastwood (J.B.)	160*	142	125	38.22	Imperial Grp.
Fluoride Eng.	94	82	82	6.47	Assoc. Eng.
Fluoride Eng.	98	92	55	5.84	Thos Tilling
Henshall (W.)	20*	20	18	0.50	Bovbourne
Lymes (J.)	135	136	97	60.88	Allied Brews.
Orme Depts.	55††	55	48	9.85	Colmen Grp.

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Aero & Gen.	Mar. 31	321	(278)	8.8
Alexander (W.)	Mar. 31	2,340	(1,950)	16.2
Assoc. Dairies	Apr. 29	26,202	(23,941)	15.7
Meat Trade	Apr. 1	362	(481)	7.7
Restorm	Apr. 30	946	(818)	30.1
Saint Piran	Mar. 31	3,029	(2,063)	15.6
Smith Walls	Mar. 31	341	(106)	16.2
Stocks (J.) & Sons	Mar. 31	564	(588)	33.0
Thames Plywood	Apr. 30	191	(272)	6.4
Victor Products	Apr. 30	1,210	(850)	27.8

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INTERIM STATEMENTS			
Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Allied Insulators	June 30	605	(681)
Analag. Metal	June 30	5,790	(4,190)
Bayer (C)	June 30	201	(131)
Blagden & Noakes	June 25	2,505	(2,135)
Blue Circle	June 30	21,300	(22,300)
Boalton (Hills)	June 30	137	(192)
Brooks Group	June 30	407	(386)
Clay (Richard)	June 30	823	(785)
Clifford	June 30	201	(155)
House of Fraser	July 29	8,317	(5,571)
Johnson (G. C.)	June 30	1,343	(625)
LEC Refrigerator	June 30	987	(571)
Leicester	Apr. 30	4,680	(7,850)
Ocean Transport	June 30	2,345	(26,144)
Sunbeam Wafers	June 30	11,120	(9,898)
Turner (W. & E.)	July 1	275	(1,675)
Wedgwood	July 1	1,683	(1,208)

(Figures in parentheses are for corresponding period)
Dividends shown net except where otherwise stated
* Adjusted for any intervening scrip issue. † Includes special dividend of 0.065p due to change in tax rate. ‡ First quarter.

PRELIMINARY RESULTS

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Offers for sale, placings and introductions

County Commercial Cars: £1m 10.7 per cent cumulative redeemable preference shares.
Kensington and Chelsea: £5m 599 per cent variable rate redeemable stock, 1983.

Scrip Issues

Elbief: One-for-one ordinary.
Restorm: One-for-two ordinary.

HOME NEWS

Sainsbury, Tesco ahead in High St. sales race

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. SAINSBURY and Tesco supermarket chains are beginning to pull away from the rest of the High Street multiples in the battle for a greater share of the grocery market.

Research carried out by the Audits of Great Britain company, and now circulating privately in the grocery trade, shows that Sainsbury's market share for the four weeks ending July 22 has risen from 10.9 per cent to 11.4 per cent. This is Sainsbury's greatest penetration of the grocery market.

Tesco's market share also rose—from 11.9 per cent to 12.2 per cent—but its growth rate last month was about half that of Sainsbury.

The big two multiples' growth appears to have been at the expense of some of the other major supermarket chains. ASDA, the Associated Dairies chain, which has been in the forefront in offering low prices from larger stores, has

seen its market share slip back from 5.5 per cent to 5.2 per cent. This follows ASDA's disappointing profits growth, announced this week.

Price Fare, the Associated British Foods subsidiary, has lost its fourth place in the market to Kwik Save and International Stores, the BAT Industries chain. Price Fare's market share dropped from 4.2 per cent to 3.7 per cent—it had been 4.6 per cent earlier this year—while Kwik Save's share is 3.9 per cent, and International's 3.3 per cent.

Co-operative retail stores, however, remain the market leader in grocery sales—with 17.3 per cent of the market—although they are run as independent units, rather than as a centrally controlled multiple chain such as Tesco.

Audits' figures measure only the sales of basic grocery items and do not give a complete picture of a super-

markets' business, especially the fast-growing non-food sales in most stores.

But they show that Tesco's Checkout promotional campaign—after its decision to drop trading stamps last year—has proved more successful than their competitors' promotions.

The supermarket multiples have to decide whether to respond to the latest market share figures and plan a new price-cutting offensive in the autumn. International Stores, which has decided to drop trading stamps from most of its stores, seems likely to use the money saved from stamps for a price-cutting campaign.

Other supermarket chains are worried that profit margins have already been severely reduced and that any further price-cutting promotions could put some stores in trouble.

Aldermaston unions debate safety moves

BY DAVID FISLOCK AND LISA WOOD

PROFESSOR Margaret Gowing, such a weapon could be in her history of atomic energy in Britain, tells the story of the first atomic bomb, and only when—needed, is a surprisingly difficult thing to engineer. It is also the reason why nuclear reactors cannot explode.

It was night, and the metal—extracted by reprocessing uranium fuel from the early "piles" at Windscale and rushed to Aldermaston—was being melted in an argon atmosphere.

A ghostly blue flame appeared as the scientists, who they had their calculations wrong. What they thought they were witnessing was a "criticality", a chain reaction, which would emit an intense burst of radiation—the blue glow—but no explosion.

"Well, boys, it's too late to run," said someone. Radiation travels with the speed of light but all was well. The flame was produced by an impurity in the casting, and died away.

The hazards of plutonium—and there are several—had been recognised by Dr. Glenn Seaborg, who spelled them out in great detail for the U.S. Government a decade before.

Finite life

He told how and where great care would be needed in fashioning the metal to make the core of an atomic weapon. His memo was headed, as a result of which there have been remarkably few accidents for such a dangerous substance of material over the ensuing 36 years.

Aldermaston is both a research and development centre for work on nuclear weapons, and an ordnance factory where part of such weapons are assembled, periodically selected, and finally taken apart again.

Nuclear weapons have a finite life because the fissile core—plutonium-239 or uranium-235—undergoes certain slow physical changes through radioactive decay.

Theoretically it must be reclaimed, reprocessed to remove impurities which have accumulated, and refashioned into a fresh core—although this is not done at the research centre itself.

The working of plutonium new industry, though, is an essential activity of Aldermaston, although not a large part of its work. The basic idea behind a nuclear weapon is to bring a sufficient fissile material together quickly enough to form a "critical mass".

To arrange the parts so that they effects of unemployment and on the expectation of some improvement in the world economy, would not be adequate to deal with the problems of the 1980's.

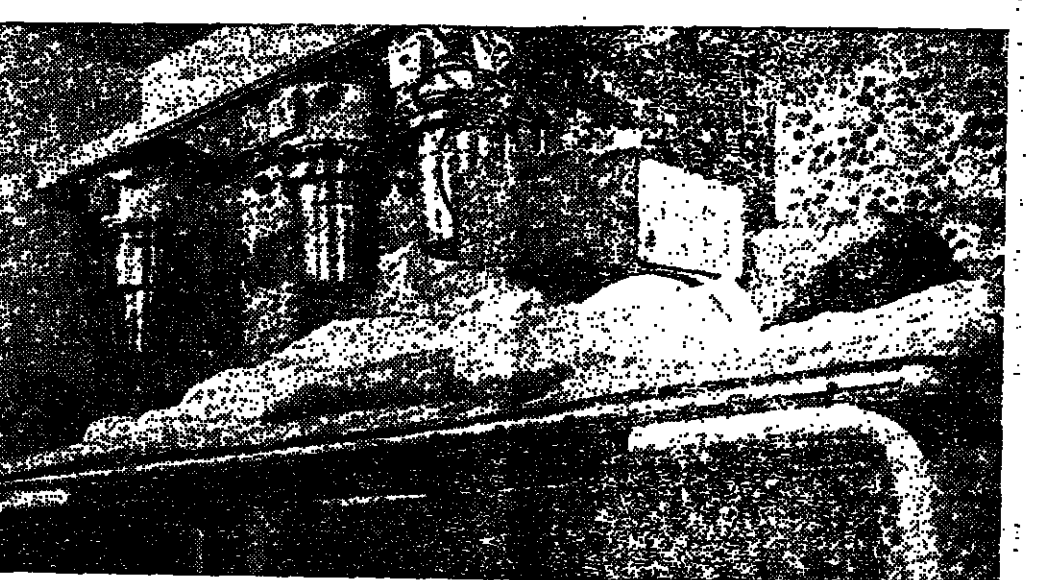
The employment mix in the 1980s would have to be radically different from the present one and should be planned taking into account social as well as economic considerations, it says.

Creation of more jobs on the land to enable Britain to grow more of its own food. The party also wants to see employment development through further spending on energy and fuel conservation measures, and through the harnessing of new alternative technology energy sources.

Conquer Unemployment, by Mr. Vivian Bingham, chairman of the Liberal employment panel and candidate for Hazel Grove, also advocates further support for small businesses and producer co-operatives, which as well as encouraging innovation could also, it is claimed, increase the job satisfaction of those who move from over-managed, unproductive and over-centralised companies.

The Liberals point out that at the end of every recession since the war the residue to hardcore unemployed remaining has increased, making it necessary to investigate radical new ways of creating new work.

Present Government policies which relied on temporary measures to alleviate the worst



A whole-body radiation monitor used to detect plutonium in the lungs.

amounts could be eaten without harm.

It was not true, said the judge, that plutonium is safe only when protected by massive shielding. The metal could be set on safely by someone protected with only a stout pair of jeans.

It was not true that plutonium was the most toxic substance known to man—there were isotopes of radium more than 100 times as toxic if inhaled.

And it was not true that an escape of plutonium would be a unique disaster—a chlorine tanker could be more damaging.

In spite of the precautions, Mr. George Hughes, chairman of the joint union executive at Aldermaston, said yesterday: "Workers here, a steady, sober lot who understand the problems of the job, have all of a sudden had their confidence in management shattered."

For years, workers had given regular urine samples in routine checks for contamination. Then, "out of the blue," 12 people were found to have plutonium levels up to twice as high as in the routine samples.

The workers themselves carry personal radiation monitors, to warn of any leak, in addition to having regular checks for any traces of radioactivity they may have picked up.

On Thursday the Ministry of Defence announced that it was shutting all buildings at Aldermaston in which plutonium is worked industrially—by no means the whole establishment, nor even laboratories where small quantities are used in research.

The closure will have no effect on existing stocks of atomic weapons or their periodic servicing, since active areas, more personal samples and whole body monitoring, the latter being something which it was felt should have been introduced into Aldermaston much earlier.

The unions also wanted the ventilation system at the plant fully investigated. They also wanted to have results of body monitoring given in layman's language. "I want the unions to cut out the scientific jargon, such as nanocuries, when they give us our results," said Mr. Hughes.

The unions have also been asking for some time to have lectures on the safety work of the establishment. These

demands have been partly met, but the unions say there is still a need for more explanatory information.

For some time, there has been a severe recruitment problem at Aldermaston. Mr. Hughes said: "Management admits it is difficult to recruit because of the wages, the basic craft wage being £4.5 a week."

People either won't come, or leave. Because of this, not a few youngsters who have been worried about plutonium possibly affecting reproduction.

Mr. Bill Hamilton, assistant secretary of the joint unions executive, said: "People leave here in droves. We can't keep skilled men because they don't get paid enough."

The Ministry of Defence has its own safety directorate and this inspects laboratories such as those at Aldermaston, which have to comply with normal statutory requirements.

The Health and Safety Executive, which is connected with the Department of Employment, under the areas covered by the old Factory Act can inspect the laboratories at Aldermaston, but not the laboratories. This they have already done.

The Health and Safety at Work Act 1974 covers, in general terms, areas such as Aldermaston, but at the moment the Executive, which is responsible for implementing the Act, is assessing the work entailed in Ministry of Defence research establishments, and intends to draw up a systematic inspection programme.

The Executive may assist Sir Edward Pocock, who is making a two-months inquiry into health and safety at Aldermaston.

Another Government "watchdog", which acts in an advisory capacity is the National Radiological Protection Board at Harwell, where some of the whole body monitoring of Aldermaston workers is taking place.

The Board said that the maximum permissible dose for workers of plutonium recommended by the International Commission on Radiological Protection was 16

nano-curies. The levels initially detected on some of the Aldermaston workers were up to 30 nano-curies, although the figures proved difficult to reproduce.

There are two possible methods of removing plutonium from the body. One is by washing the lungs out under anaesthetic. The second is by using drugs.

Whole body monitoring has to be done in steel rooms "constructed from reclaimed steel from old battleships sunk before the first nuclear explosions, and therefore very low in background radiation. The steel room at Harwell is made from armour plating taken from a ship sunk in 1915.

Aldermaston has been installing whole body equipment for some time, but the venture, costing £500,000, takes time because of the care needed to exclude all extraneous natural "background" radiation.

Report delayed
AFTER representations from the Atomic Energy and Mergers Commission, but at the moment the system will be dedicated primarily to supporting these remote key stations which will access the central system via Post Office telex lines. The system will also provide essential backup to the existing GCS equipment. The order is worth £55,000 to GENERAL COMPUTER SYSTEMS (UK), a subsidiary of the Telex Corporation, U.S.

Hygiene, Kitchen Furniture manufacturer, has ordered a 4-key station CMC 5200 data entry system for installation at its Liverpool headquarters. The 20,000 system is from the COMPUTER MACHINERY COMPANY, which replaces half a dozen card punches, will help provide the correct Group subsidiary with a "distributed processing" environment. The order writing, accounts and stores control departments will each have their own Key Station preparing data for input to the Hygiene mainframe—Univac 9060.

Mr. F. Grant
MR. G. F. B. GRANT, deputy chairman of Witan Investment Company, a director of Electric and General Investment Company, chairman of Greenhirst Investment Company and former chairman of Henderson Administration died yesterday. He was 66.

Mr. Grant was also chairman of John Foster and Son, deputy chairman of Commercial Union Assurance and a director of Fosco Minsep. He was until recently chairman of London and Scottish Marine Oil Company Limited.

He leaves a widow, three daughters and a son.

City heliport plans to operate from next April

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE CITY OF LONDON'S first heliport could be in operation by April next year if plans just submitted to the City Corporation are accepted.

The scheme involves a floating "heliport" off Tring Lane Stairs, between Southwark and Blackfriars Bridges, with an executive helicopter taxi service running about 3,000 flights a year.

Captain Eric Brown, chief executive of the British Helicopter Advisory Board, which made the application, said yesterday that preliminary talks with the City Corporation and the Greater London Council concerned their willingness to consider the scheme.

The advisory board set up by helicopter manufacturers and operators, to promote helicopter operations and flight safety in its country believes that there is considerable demand within the City for an executive service.

The nearest heliport facilities could be in operation by April next year if plans just submitted to the City Corporation are accepted.

The City Corporation's architects are looking at the scheme and will be submitting their comments to the GLC's planners. On past experience the application is likely to take between six months and a year to process.

The "heliport" would involve mooring two large hulls next to the Tring Lane Stairs, attaching two light docks, and establishing a pontoon linking the take off area to the bank.

Helicopter flights in London are restricted to the area between the high water marks of the Thames and below the 1,200 feet lower level of regular aircraft flight paths.

Junior Carlton Club sold

N UNNAMED overseas company has bought the Junior Carlton Club in London's Pall Mall for a little more than £1m.

The buyer, acting through London agents and through a subsidiary, Commonwealth International Shippers (UK), plans to retain the club's facilities for members of its own staff visiting in London.

The Junior Carlton merged with the Carlton Club in St. James's Park. Its trustees, led by Ralph Frank Rutley and Healey and Baker—have been having talks with a number of potential purchasers for some months. The overseas buyer, which is neither Arab nor Jewish, is a private investor, stepped in with its bid relatively late in the discussions.

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MARGO MACDONALD

Fighting for the homeless

MacDonald to fight Scots seat despite job

By Roy Parnham, Scottish Correspondent

MRS. MARGO MACDONALD, best known member of the Scottish National Party, is to continue her political activities in spite of taking up the full-time post of Scottish director of Shelter, the campaign for the homeless.

She said yesterday that she saw no conflict between the two roles. She would remain as senior vice-chairman of the party and would fight Hamilton in the forthcoming General Election.

In common with most other candidates at the election, I will have a job. Shelter is on the side of the homeless and I am on the side of the homeless regardless of which political party is offering which particular solution.

If there are any conflicts of interest, then I will be campaigning within the party to change its policy.

Mrs. MacDonald's allies within the party are already saying that the fact that she has taken the job on the side of the homeless before an election shows an element of defeatism.

Earlier this year, she failed to win Hamilton at a by-election in which Labour's majority was nearly doubled to 6,852.

There could also be moves to remove her from the key post of chairman of the strategy committee, particularly if there are clashes between Shelter's policy and that of the SNP over sensitive issues such as the sale of council houses.

New Wills list

GOODS AVAILABLE under the voucher and discount schemes run by W. D. & H. O. Wills for Embassy cigarette smokers have been combined into one catalogue, to be published on Tuesday.

Liberal plans for employment stress farming and ecology

BY RHYS DAVID, NORTHERN CORRESPONDENT

THE LIBERALS' approach to bringing down unemployment at the next election is going to have a strong ecological emphasis, according to the party's latest policy document, unveiled in Manchester yesterday.

The Liberals are backing the creation of more jobs on the land to enable Britain to grow more of its own food. The party also wants to see employment development through further spending on energy and fuel conservation measures, and through the harnessing of new alternative technology energy sources.

Conquer Unemployment, by Mr. Vivian Bingham, chairman of the Liberal employment panel and candidate for Hazel Grove, also advocates further support for small businesses and producer co-operatives, which as well as encouraging innovation could also, it is claimed, increase the job satisfaction of those who move from over-managed, unproductive and over-centralised companies.

The Liberals point out that at the end of every recession since the war the residue to hardcore unemployed remaining has increased, making it necessary to investigate radical new ways of creating new work.

Present Government policies which relied on temporary measures to alleviate the worst

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sun Hung Kai buys P & O building

By Ron Richardson
HONG KONG, August 25.
SUN HUNG KAI Securities, in which the leading French bank Paribas has a stake, has purchased a major central Hong Kong property from Hongkong Land Company for an undisclosed sum.

The property, the 18-storey P & O building, is 11 years old and contains 100,000 sq ft of office accommodation and 4,000 sq ft of shops. It is adjacent to the underground site of a new station, the Hong Kong Island terminus of the Mass Transit Railway now under construction.

The building was purchased by Sun Hung Kai Securities in September 1976, in anticipation of Hongkong Land winning the right to redevelop the commercial site above the station. In the event, the contract for this development went to the rival Cheung Kong (Holdings) in partnership with the Mass Transit Railway Corporation.

Mr. Fung King Hey, chairman of Sun Hung Kai Securities, said the property would initially be held as an investment but the possibility of redevelopment was under consideration.

In a separate announcement it was disclosed that Paribas has exercised its option to raise its holding in Sun Hung Kai Securities by about 6 per cent to 17 per cent by taking up 13.2m HKS shares at HK\$5.575 each.

Haw Par
SINGAPORE, August 25.
Haw Par Brothers International has purchased 254m cumulative redeemable 20p preference shares in Haw Par (London). These shares, bought through the London market, take Haw Par International's preference share holding to 12.8m.

The First Viking Commodity Trusts
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North Korea to repay Y80bn to Japanese

BY MARY CAMPBELL

NORTH KOREA will pay back about Y80bn (\$420m) owed to Japanese trading companies and banks for North Korean imports by the end of 1981, according to the Japan-North Korea Trade Association. Reuter reports from Tokyo.

Mr. Sadao Murakami, managing director of the association, told a Press conference that North Korea had retracted its early request for another three-year deferment beyond that expiring in 1981.

Mr. Murakami, who recently returned from Pyongyang, said North Korea also promised to belatedly pay by next month interest worth about Y1bn which should have been paid to Japan last December.

Our financial staff adds: North Korea has been in default on its foreign debt for several years.

The worldwide recession that followed the 1973 oil crisis slashed its foreign earnings from exports of iron ore, tungsten and other raw materials.

With a total foreign debt estimated at over \$2bn, its largest creditor is the Soviet Union. There have been protracted negotiations with the Japanese on the possibility of the country repaying the debt.

The preparation is already on sale in 20 different countries and is expected to be sold in Sweden. According to Astra there is only one similar preparation on the U.S. market which can treat the so-called "beta blockage".

Extra earnings of the group will be up 15 per cent to SKR 116m compared with SKR 103m in 1976, on sales of SKR 1.7bn compared with SKR 1.4bn in 1976.

The packaging division managed to cut costs by 10 per cent. The company is not optimistic of making a reasonable return on its investment in the near future.

Van Gelder plans to set up its trading division as a separate company next year. The special dividend currently faces extra costs from start to up plant, but it continues to make a considerable contribution to profit.

The company is continuing to reorganise, decentralising management, reducing the workforce and tightening up credit limits to customers. Van Gelder has approved FI 52m of spending this year, after actually investing FI 26m last time.

Further losses by Borregaard

OSLO, August 25.
The non-oil sector mainly reflected depressed prices for foreign products, particularly fine paper and cellulose. In addition, Borregaard's involvement in the new Norwegian petrochemical complex at Rafnes, where it has a 50 per cent stake in a chlorine plant, cost it NKR 15m in the half year.

Prices of oil and gas have developed favourably in the period, and chemical products were another bright spot. The funds sector also showed a profit, Gross sales during the six months ended NKR 1,558m (1977) - 9 per cent up on the same period a year earlier.

Investments during the half-year totalled NKR 104m, and liquidity improved.

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Van Gelder back in the black
AMSTERDAM, August 25.
THE troubled Dutch paper manufacturer Van Gelder, after a year of losses, is back in the black in the current six months. It made a net profit of FI 27.7m in the whole of 1977, and a profit of FI 39m in 1978.

The company's cash needs mean that it will not pay a dividend this year. Mr. Keld Provo, executive chairman, told a press conference. Van Gelder's last dividend was paid in 1974. It expects further benefits from extraordinary items in the second half, but even without these it will make an operating profit.

Van Gelder, which is 50 per cent owned by the U.S. papermaker Crown Zellerbach, made an operating profit of FI 19.9m in the first half compared with a loss of FI 11m in the same period of 1977. At the pre-tax level, profit was FI 10.8m (\$5m) compared with a loss of FI 4.9m.

After a tax charge of FI 4.9m, compared with a credit of FI 1.8m in 1977, the net result was a profit of FI 5.9m (\$2.7m) against a loss of FI 14.8m. Sales fell by FI 11m to FI 1.13m (1977). The net profit per FI 50 share was FI 4.44 against a loss of FI 11.04.

The improvement came from better use of capacity, and lower costs due to the more efficient use of a decline in the cost of raw materials. The reorganisation of the company, which is still going on, also reduced costs.

A decision by the Dutch Supreme Court allowed the company to draw down a FI 4m provision made for water pollution costs.

Prospects for the second half are slightly uncertain. The paper industry will have difficulty in passing on increased pulp prices, while turnover may be affected by the weak state of the European economy.

In the paper division, increased efficiency meant that in the first half which previously would not have covered costs, Van Gelder is cutting capacity.

Further encouragement has been given by new rises in U.S. producer prices for both zinc and zinc oxide. Zinc values in London have failed to respond and are now lagging well behind lead, owing to lack of buying interest.

The fall in the price of gold kept the silver market steady, but impaled platinum yesterday, announced a rise in its producer price of \$10 to \$350 an ounce. However, the increase was considered modest since it is still well below the three-month price.

The Metal Exchange confirmed this week that it is to launch an aluminium futures contract on October 2. The announcement was greeted with strong protests from aluminium producers, who claim that the new market could have a destabilising influence on the existing producer price system, under which the bulk of aluminium is sold.

This signified a general reluctance of those holding copper sold.

stocks to sell at a time when there is a steady outflow of copper from the Metal Exchange mainly to buyers in the Far East. Warehouse stocks are expected to fall again this week, although not by as much as originally forecast, and this has given a strong underlying tone in the market.

There are also expectations that a 50 per cent wage claim by Chilean miners might lead to a disruption of production there, even though strikes are banned by the Government.

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Financial Times Saturday August 26, 1978

[illegible]

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life bonds
	%	f	f	Year
Barnes-Metro (0229 203392)	11	1-year	250	57
Knawles (051 548 9355)	11	1-year	1,000	57
Poole (02013 3151)	11	1-year	300	57
Poole (02013 3151)	10 1/2	1-year	500	67
Redbridge (01-478 2620)	11 1/2	1-year	200	57
Thurrock (0375 5122)	11	1-year	300	4
Thurrock (0375 5122)	10 1/2	1-year	300	4

BUILDING SOCIETY RATES

	Deposit	Rate	Share	Sub pn	Term Shares
Abbey National	6.45%	8.00%	7.55%	7.70%	3 yrs. 7.20%
Aid to Thrift	7.00%	7.50%			
Albion	6.45%	6.70%	7.95%	7.70%	3 yrs. 7.20%
Alpha Hastings & Thanet	6.45%	6.70%	7.95%	7.70%	3-4 yrs. 7.20%
Bradford and Bingley	6.45%	6.70%	7.95%	7.70%	3 yrs. 7.20%
Bedwater	6.45%	6.70%	8.30%	7.90%	24 yrs. 7.45%
Bristol and West	6.45%	6.70%	7.95%		
Bristol Economic	6.45%	6.70%	7.95%	6.95%	3 months' notice
Birmingham	6.45%	6.70%	7.95%	7.70%	3 yrs. 7.20%
Bury	6.45%	6.70%	7.95%	7.70%	3 yrs. 7.20%
Cardiff	6.45%	6.70%	7.95%		
Catholic	6.45%	6.70%	7.95%		
Chelsea	6.45%	6.70%	7.95%		
Cheltenham & Gloucester	6.45%	6.70%	7.95%		
Citizens' Republic	6.45%	6.70%	7.95%		
City of London	6.45%	6.70%	7.95%		
Country Economic	6.45%	6.70%	7.95%		
County Provident	6.45%	6.70%	7.95%		
Derbyshire	6.45%	6.70%	7.95%		
Gateway	6.45%	6.70%	7.95%		
Guardian	6.45%	6.70%	7.95%		
Hallifax	6.45%	6.70%	7.95%		
Heart of England	6.45%	6.70%	7.95%		
Hearts of Oak & Enfield	6.45%	6.70%	7.95%		
Hertfordshire	6.45%	6.70%	7.95%		
Huddersfield & Bradford	6.45%	6.70%	7.95%		
Insurance Co.	6.45%	6.70%	7.95%		
Leeds Permanent	6.45%	6.70%	7.95%		
Leicester	6.45%	6.70%	7.95%		
Leopold	6.45%	6.70%	7.95%		
London Goldhawk	6.45%	6.70%	7.95%		
Melton Mowbray	6.45%	6.70%	7.95%		
Midshire	6.45%	6.70%	7.95%		
Morriston	6.45%	6.70%	7.95%		
National Counties	6.45%	6.70%	7.95%		
Nationside	6.45%	6.70%	7.95%		
Newcastle Permanent	6.45%	6.70%	7.95%		
New Close	6.45%	6.70%	7.95%		
Northern Rock	6.45%	6.70%	7.95%		
Norwich	6.45%	6.70%	7.95%		
Onley	6.45%	6.70%	7.95%		
Peckham Mutual	6.45%	6.70%	7.95%		
Portman	6.45%	6.70%	7.95%		
Principality Bldg. Society	6.45%	6.70%	7.95%		
Progressive	6.45%	6.70%	7.95%		
Property Owners	6.45%	6.70%	7.95%		
Provincial	6.45%	6.70%	7.95%		
Skipton	6.45%	6.70%	7.95%		
Sussex Mutual	6.45%	6.70%	7.95%		
Town and Country	6.45%	6.70%	7.95%		
Woolwich	6.45%	6.70%	7.95%		

* Rates normally variable in line with changes in ordinary share rates.

CURRENCY, MONEY and GOLD MARKETS

UK MONEY MARKET

Bill rate declines

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The Treasury bill rate fell by 0.0652 per cent to 8.340 per cent at yesterday's tender. The minimum accepted bid was 197.73, compared with 197.73 last week, and bids at that level were met as to about 11 per cent. The £500m bills offered and allotted attracted bids of £1.65m, and all bills offered were allotted. Next week £900m will be on offer, replacing maturities of £400m.

Day-to-day credit was in short supply in the interbank market, and the authorities gave a very large amount of assistance by buying a large number of Treasury bills from houses, and a small local authority bills.

The major factor in the market was the increased circulation before the weekend, while there was a fairly small net Treasury bills to finance the government's request to the Exchequer of government disbursements.

Discount houses pay a premium for secured call money, most closing balances in the region of 81-9 per cent.

In the interbank market, overnight loans touched 10 per cent, before closing at 9 per cent.

EXCHANGES AND BULLION

The dollar gained ground against the pound sterling in the foreign exchange market yesterday, but tended to decline from its best level in the afternoon following a statement from Washington that the U.S. has made no decision at this point on whether it will draw on the IMF reserves position. Earlier in the day, however, the dollar was compared to use its resources at the IMF to protect the dollar, had pushed up the U.S. currency. It fell to \$1.9890 against the Swiss franc, before easing to SFRF 1.68 at the close, compared with SFRF 1.6550 against the dollar also rose against the D-mark, touching DM 2.0190, before closing at DM 2.0080, compared with DM 2.0010 on Thursday.

Sterling's trade-weighted index on a similar basis, as calculated

Bank

Country	Year	Rate	Class
U.S.	79	1,185-1,280	1,265-1,310
Germany	80	2,108-2,265	2,245-2,310
Canada	80	1,174-1,214	1,214-1,254
Belgium	80	60.50-61.00	60.50-61
Denmark	80	70.50-71.00	70.72-71
D.Marc	80	5.95-5.99	5.98-6.00
France	80	100.00-100.50	100.00-100.50
Italy	80	162.50-163.00	163.00-163.50
Japan	79	1,156-1,167	1,166-1,171
Norway	79	10.75-10.81	10.75-10.81
Sweden	80	8.68-8.48	8.44-8.48
Switzerland	80	70.00-70.50	70.00-70.50
Yen	79	658-675	670-675
Australian	80	27.75-28.25	28.00-28.25
South Africa	80	1.119-1.516	1.261-1.416

* Excludes rate for convertible franc.
 † Financial year.

OTHER MARKETS

Aug. '5		E
Argentine Pes.....	1.581-1.585	
Australian Dollar.....	1.6770-1.6844	
Finan: Markka.....	7.92-7.95	
French Cuzco.....	35.37-35.37	
Greece Dracma.....	70.671-72.403	
Hong Kong Dolar.....	8. 45-9. 6	
Iran Rial.....	142-142	
Kuwait Dinar (K.D.).....	0.023-0.0533	
Luxembourg Franc.....	6. 90-6.01	
Malaysia Dollar.....	4.4300-4.4450	
New Zealand Dollar.....	1.818-1.837	
Sri Lanka Rupee.....	6.35-6.45	
Singapore Dollar.....	4.54-4.555	
.....	5.82-1.454	

LONDON MONEY RATES

Aug. 26 1957	Overnight Certificate in deposit	Interbank
Overnight...	—	8 1/2-11
1 day notice...	—	—
1 day or...	—	—
1 day notice...	—	8 1/2-9 1/4
1 month...	9 1/2	9 1/2-10 1/4
3 month...	9 1/2-9 3/4	9 1/2-10 1/4
6 month...	9 1/2-9 3/4	9 1/2-10 1/4
9 month...	9 1/2-9 3/4	9 1/2-10 1/4
One year...	9 1/2-9 3/4	9 1/2-10 1/4
Two year...	9 1/2-9 3/4	9 1/2-10 1/4

buying rate for prime paper. Buying
Approximate selling rates for one
month \$114-91/16 per unit. Approximate

Aug. 25	Sterling	London
Interest on loan.....	95-10½	8½
1 day's loan.....	10½-11	8½
Month's loan.....	11-11½	8½
Three months.....	11½-11¾	8½
Six months.....	11½-11¾	8½
One year.....	11½-12	9

per cent: one year 8.55-9.95 per cent.
Long-term Eurodollar deposits: n

W.U.K. CONVERTIBLE

Name and description

African Aluminium 9pc Cr. 58-94
Associated Paper 81pc Cr. 53-94
Bank of Ireland 10pc Cr. 91-95
British Land 12pc Cr. 2002
English Property 61pc Cr. 98-03
English Property 12pc Cr. 00-05
Hanson Trust 61pc Cr. 88-93
Hewden-Smuith 7pc Cr. 1993
Pentos 15pc Cr. 1985
Slough Estates 10pc Cr. 87-90
Tozer, Kemsley 8pc Cr. 1981
Wilmington Match 10pc Cr. 83-85

* Number of ordinary shares into which each of the entities in the convertible at this maturity, expressed in pence, is a multiple of the number of ordinary shares in the company. The amount is summed until the total is equal to or exceeds the value of the underlying security. In an unlikely event that the sum of the values of the securities exceeds the value of the underlying security, the excess will be distributed pro rata to the holders of the securities.

Local Authority Separate	Local Authority Separate	Finance House Dep'ty
875 9	—	—
9-913	—	914
9-918	916	919
914	913 13	914
914	914 13	916
914	914	1014
914	914 13	1014
914	914	1048
914-1014	914	—

...a for four-month bank bills 9½; per cent
...h Treasury bills 8½-8¾; per cent
...selling rate for one-month bank bills

BEST RATES*	
U.S. Dollar	Dutch Guilder
8-814	2-212
8-814	3-312
8-814	4-414
814-814	5-514
8-814	6-614
8-814	7-714

44.5 94-94 per cent; three years

(Size)	Current price	Terms*
9.05	148.00	100.0
1.40	117.50	200.0
8.22	187.00	47.6
7.71	174.00	339.8
9.07	90.00	234.0
13.31	87.00	150.0
4.51	83.00	37.1
0.67	340.00	564.5
1.03	158.00	166.7
5.50	175.00	123.9
7.33	98.00	135.0
11.20	98.00	40.0

peny m-1	Discont market report	Treasury Bills %	Eligible Bank Bills %
9-30	8 1/2-9 1/2	—	—
12	8 1/2-9 1/2	—	—
3-6	9 1/2-10	8 1/2-9 1/2	9 1/2-10
9-6	9	8 1/2-9 1/2	9 1/2-10
—	—	—	—
—	—	—	—

cent: four-month trade bills 70 per cent;
and two-month bills 5 1/2 per cent;
4 1/2 per cent; two-month bills 5 per cent;

Swiss Franc	West German Mark	French Franc
1 1/2-3 1/2	3 1/2-2 1/2	7 1/2
5-9	5 1/2-5 1/2	7 1/2
1 1/2-1 1/2	3 1/2-3 1/2	8 1/2
1 1/2-1 1/2	3 1/2-3 1/2	8 1/2
1 1/2-1 1/2	5 1/2-5 1/2	9 1/2
1 1/2-1 1/2	5 1/2-5 1/2	9 1/2

-9516 per cent; four years 9;91 p

Con- version rates	Flat yield	Red. yield	Pre- Current
80	5.1	3.7	
79	8.2	6.5	- 2.0
78	5.3	2.0	- 3.0
97	7.1	6.8	14.7
94	7.4	7.6	- 7.5
94	14.4	14.5	39.8
80	7.6	8.2	- 4.8
79	2.1		- 7.5
82	5.3	5.9	- 3.5
79	9.8	1.2	11.1
79	8.4	9.7	6.2
83	10.6	10.7	36.4

Source: "The Extra Costs of Un-
derlying Shares into the
Ordinary Shares is greater than
per annum and is present value
per annum. " This is income
between the premium and value
of the shares.

\$23 Eagles.....	\$233.33
\$10 Eagles.....	\$161.11
\$5 Eagles.....	\$111.11

CURRENCY MOVEMENTS	
Aug. 2	End of July
Sterling	64 1/2
U.S. dollar	82 1/2
Canadian dollar	24 1/2
Austrian schilling	242 1/2
Belgian franc	113 1/2
Danish krone	11 1/2
Deutsche Mark	142 1/2

Gold	119
French franc	99
Lira	55

Year	Italian Lira	Asian \$
1912	9.12	—
1913	13.14	81.2
1914	15.12	81.5
1915	15.14	81.5
1916	14.12	81.5
1917	14.14	81.5
1918	14.12	81.5
1919	14.14	81.5

cent: five years 95.15-97.15 per cent

Range		Income		Difference	
Lower	Upper	Equity	Debt	Equity	Debt
10	2	5.2	4.5	- 0.7	
8	10	11.0	4.7	- 6.3	
12	10	27.0	0.0	27.0	
11	10	2	8.4	3.2	- 5.2
24	10	69	31.0	49.5	38.5
0	10	12	8.4	5.9	- 2.5
4	10	7	9.3	3.3	- 6.0
12	2	43.4	42.9	- 0.5	
9	10	18	37.2	54.0	10.8
4	10	14	7.3	7.6	0.3
24	10	29.0	37.7	12.2	

5601-5651
5162-165
5112-115

	Morgan Guaranty change %
1970-71	-6.7
1971-72	-14.8
1972-73	-18.2
1973-74	-10.6
1974-75	-4.0
1975-76	-4.1
1976-77	-30.8

charges from member, 1977

expense Year

1970-71 2-2 1/2

1971-72 1 1/2

1972-73 1 1/2

1973-74 2 1/2

1974-75 2 1/2

1975-76 2 1/2

1976-77 2 1/2

1977-78 2 1/2

1978-79 2 1/2

1979-80 2 1/2

1980-81 2 1/2

1981-82 2 1/2

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2014-15 2 1/2

2015-16 2 1/2

2016-17 2 1/2

2017-18 2 1/2

2018-19 2 1/2

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2110-11 2 1/2

2111-12 2 1/2

2112-13 2 1/2

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2159-60 2 1/2

2160-61 2 1/2

2161-62 2 1/2

2162-63 2 1/2

2163-64 2 1/2

2164-65 2 1/2

2165-66 2 1/2

2166-67 2 1/2

2167-68 2 1/2

2168-69 2 1/2

2169-70 2 1/2

2170-71 2

STOCK EXCHANGE REPORT

Equities regain confidence after Thursday's shake-out but pre-holiday conditions prevail in all markets

Account Dealing Dates
Option
First Declared Last Account
Dealings 10th Dealings Day
Aug. 7 Aug. 17 Aug. 18 Aug. 30
Aug. 21 Aug. 31 Sep. 1 Sep. 12
Sep. 4 Sep. 14 Sep. 15 Sep. 26

*New time *business days take place from 9.30 a.m. to 4.00 p.m. on business days earlier.

Confidence returned to equity markets yesterday when an early extension of Thursday's shake-out, thought likely to incite fresh selling from insecure private investors, instead brought in the odd buying inquiry. Dealers who had defensively lowered values were equally quick to readjust prices upwards and on the ensuing rally support increased despite the pre-holiday nature of the market.

Although the majority were disinterested, a few institutional sources were taking soundings of the trend and accepted offers of lead and good quality stocks on a selective basis. In receipt of such encouragement, the tone improved further and despite a noticeable absence of trade from noon onwards, prices retained the enhanced level to the close.

The FT Industrial Ordinary share index transformed a loss of 1.6 at the first calculation into a net gain of 4.1 at 3184.2, despite the near 14 point mid-week fall, closed the first week of the Account with a marginal rise of 0.5. Mr. Eassey's remarks about the economy came too late to affect sentiment but dealers were optimistic that fresh buying interest may be promoted when dealings re-start on Tuesday.

Isolated pockets of firmness also developed in stock groups which included J. Lyons, up 9 at 135p following Allied Breweries decision to allow the extraordinary general meeting requested by the pension funds and companies recommended by newspaper advice or reporting trading announcements.

The recent spell of inactivity continued in British Funds, but scattered gains appeared among the shorter maturities while the medium and longer issues recorded rises of 1. Business was insufficient for the slightly lower interest rate of this week's Treasury bill tender to have any effect. Corporations, too, were neglected.

Further institutional and arbitrage selling outweighed demand for investment currency and the premium surrendered an early rise of a point to react to 84 1/2 per cent before closing a point lower on the day at 85 1/2 per cent. Yesterday's SE conversion factor was 0.8901 (0.8830).

JCI continued to attract a good business in the Traded Option market ahead of the interim results due on September 7; of the 471 contracts completed, 233

were done in JCI and left respective price improvements of 4 to 48p and 8 to 58p in the January and April 360 series.

Bank better
The major clearing banks ended the week quietly firm. NatWest rose 7 to 280p and Barclays added 5 to 355p while Lloyds and Midland both closed 3 higher at 266p and 360p respectively. Among overseas issues, Standard Chartered relinquished 6 to 440p with sentiment not helped by Press suggestions of a imminent higher issue, while Hongkong and Shanghai closed 7 to 337p on investment currency influences. Ahead of next Tuesday's interim results, Allen Harvey and Ross edged forward 3 to 315p among Discounts.

Further consideration of the interim figures prompted a useful recovery in Blue Chip which, at 290p, regained half of the previous day's fall of 12. Other cementists took on a better appearance, Tunnell regaining 4 to 266p and Rugby a penny to 85p. Elsewhere in the Building sector, leading Contractors issues started after the setback over the last few days. Gains of a few pence were recorded in March, 196p and R. Costin, 256p. Orme Developments hardened 4 to 266p, while the formal letter giving reasons for rejecting the bid from Comben Group, but Newarthill continued to reflect disappointment with the half yearly results and closed down at 156p for a fall of 7 since the announcement. In contrast, Magnet and Southern encountered further support, and closed on 5 more to 227p, while Brown and Jackson firmed 4 to a peak for the year of 202p.

Burton "A" higher
Activity in JCI was at a fairly low ebb, but the price gradually edged higher after an uncertain start to close 6 dearer at 406p.

Stores were notable for a fresh speculative improvement of 4 to 187p in Burton A. Elsewhere, reflecting the return to profitability in the first-half year, Elys (Wimborne) rose 5 to 203p, after 205p. MFI Furniture posted a similar amount better at 182p. Speculative support was forthcoming for Hardy (Furnishers) and the ordinary and A NAV both gained 2 to 43p and 41p respectively, while Bolton Textile revived with an improvement of 1 1/2 to 121p.

In Electronics, Philips Lamp reflected overseas worries with a fall of 1 1/2 to 83p, while Pys, 87p, and MLI Electric, 235p, shed 3 apiece. Allied Insulators lost a penny more to 63p on further consideration of the interim figures, while the chairman's profits warning clipped 2 from Cableform at 233

acquisition news helped Eddro to annual meeting. Secondary issues put on 3 to 215p and Victor Pro-ducts (Wallend) gained 2 more to 245p, after 248p, making an advance of 51 on the week and 35 since Wednesday's record results and proposed scrip issues in ordinary and preference shares.

Comp on Webb down
J. Lyons featured late in Foods, rising 1 to 135p after 130p, following the announcement by Allied Breweries that an extraordinary general meeting is being convened for September 15 to consider the various aspects of the proposed merger. Peter Pan Bakeries rose 10 to 60p in a thin market awaiting news of the recently announced bid talks, while G. Lovell responded to news of the interim dividend payment with an improvement of 9 to 45p. Barker and Dobson edged forward 1 1/2 to 163p with the help of call-option business. Speculators came for Cullen's Stores 7 higher at 140p, but light profit-taking after the recent good rise left Rowntree Mackintosh 8 dearer at 429p. Dealings in Rakusens Group were suspended

at 165p at the company's request where, continued buying on bid hopes left Collett Dickinson 2 higher at 83p for a rise of 10 on the week.

Miscellaneous Industrial leaders rallied after Thursday's bout of profit-taking and closed with improvements to 8 following a modest demand. Beecam ended that much dearer at 718p, while Glaxo, 658p, and Pilkington, 631p, hardened 4 apiece. Bank Organisations also put on 4 to 282p, sentiment driven by the group's joint television venture with Toshiba, Scottish and Universal cent Press tip, firmed 4 more to 91p. Further consideration of U.S. peace harder at 127p after the

similar amount to 263p. Elsewhere, continued buying on bid hopes left Collett Dickinson 2 higher at 83p for a rise of 10 on the week.

Properties took on a mixed appearance. Chesterfield improved 3 to 360p following news that the company had sold its 50 per cent interest in the associated Chesterfield Ronson (Europe). Great Portland picked up 2 to 310p, while Westminster hardened a shade further to 221p in response to the recent announcement of a possible acquisition. Leaders sometimes edged higher, but falls of around 4 were marked against Stock Conversion, 253p, Bradford, 253p, and Deafan, 217p.

BP rally
Activity in the Oil leaders slackened considerably. Nevertheless, less than a week after a quiet start and the end of a steady rise in the oil sector, disappointment with the latest drilling results on block 206/8 in the Shetlands, British Petroleum eased further to 565p before a recovery on scattered support to close at 569p, a rise of 6 on the day. Shell fluctuated narrowly and closed without alteration at 590p. Elsewhere, 248p, staged a modest rally after the recent setback on fading bid hopes, while a little late interest developed in Oil Explorers which firmed a similar amount to 212p.

Overseas Traders supplied contrasting features in S. Hoffmann, 7 cheaper at 50p on the sharply lower profits and Lomax, 5 better at 65p following Press comment. Inchcape returned to favour, rising 9 to 397p.

Investment Trusts drifted gently lower on the occasional small sale and lack of interest. Bishopsgate Property eased to 197p low of 41p on continuing concern about the company's future, while Scottish American Investment, 93p, and Edinburgh Investment, 246p, lost 3 apiece. Following their respective trading statements, Alliance Trust closed a penny easier at 246p and Second Alliance 3 cheaper at 212p. In Financials, S. Pearson closed without alteration at 247p following the interim figures and dividend forecast which accompanied the formal offer documents for the proposed acquisition of the outstanding shares in Pearson Longman.

Ocean Transport, a dull market of late on the poor recovery figures, staged a modest recovery in closing 4 better at 114p following a reasonable two-way trade. BAT Industries Deferred, 5 off at 295p, provided the sole move. Among South African shares, the Industrial fell 8 to 67p on the sharply reduced earnings. Guthrie continued to figure

prominently in Plantations, closing only 3 cheaper at 357p, after 358p, for a rise on the week of 29 despite the fresh bid demand from Sime Darby. Consolidated Plantations, which has been suggested as the vehicle for the Sime Darby takeover of Guthrie, hardened 3 to a 1978 peak of 53p.

Consequently, South African Golds came under renewed pressure with the Gold Mines Index falling 1.4 more to 175p, bringing the loss on the week to 10.2. Business in Golds, however, was on a much smaller scale than earlier in the week. Prices were marked down at the outset and thereafter drifted following modest Cape and London offerings which left them around the day's lowest.

South African Financials were similarly quiet. A further decline in the investment currency premium unsettled prices, which generally closed a fraction easier on balance. De Beers dropped 7 more to 422p a week's fall of 20 on profit-taking following the record profits and increased dividend published on Wednesday.

The SIO increase in the producer price to 325p, charged by the Impala Platinum failed to inspire Bishopsgate Platinum, which eased 2 to 100p. Rustenburg drifted in sympathy and closed a penny down at 96p.

A feature of Australians was the strength of the Union following news that the Federal Government and the Northern Lands Council have reached agreement on the terms and conditions for the development of the Ranger deposit.

The Ranger partners, Peko-Wallend, 15 up at 545p and EZ Industries, 10 higher at 275p, both moved ahead, while Pancontinental advanced a point to 214.

Other Australians, however, lost ground in line with the investment premium.

Elsewhere, continued overnight Canadian selling lowered Yukon Cons 5 more to 160p a week's loss of 25 following news that Canada's Teck Corporation and Bramedia Resources are to acquire a majority interest in the company.

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Other Australians, however, lost ground in line with the investment premium.

Elsewhere, continued overnight Canadian selling lowered Yukon Cons 5 more to 160p a week's loss of 25 following news that Canada's Teck Corporation and Bramedia Resources are to acquire a majority interest in the company.

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OFFSHORE AND OVERSEAS FUNDS

[illegible][illegible]

Journal of Management Studies, 19(1), 67-80.

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

Stewart Wrightson
International Insurance Brokers for Aviation
1 Cannon Street
London EC4A 3DF
Telephone 01-453 7301

MINES—Continued

CENTRAL AFRICAN

Stock	Price	Div	Yld	Cvt	Yld
127	100	1.50	1.50	1.50	1.50
128	100	1.50	1.50	1.50	1.50
129	100	1.50	1.50	1.50	1.50
130	100	1.50	1.50	1.50	1.50

AUSTRALIAN

Stock	Price	Div	Yld	Cvt	Yld
131	100	1.50	1.50	1.50	1.50
132	100	1.50	1.50	1.50	1.50
133	100	1.50	1.50	1.50	1.50
134	100	1.50	1.50	1.50	1.50

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

COPPER

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FINANCE

DIAMOND AND PLATINUM

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MAN OF THE WEEK

A quick U turn for VW

BY GUY HAWTIN

HERR Toni Schmücker, the man who has presided over Volkswagen's remarkable turnaround, is a passionate mountaineer. This may well go a long way to explaining why he accepted the job as chief executive in the first place.

Toni Schmücker
Relishes a challenge

He took over control of the largest West German motor manufacturer in the depths of its winter of discontent. It was early in 1975. Herr Rudolf Leiding, its former chief executive, had resigned after a protracted Boardroom row over the ailing motor group's future strategy and its supervisory Board chairman had departed only a few months earlier also in unhappy circumstances.

Shortly after his assumption of power it was his duty to inform his shareholders that 1974 had been a disastrous year with losses of DM807m. Nor did he endear himself to the labour force when he announced a series of wage-cutbacks including proposals to declare some 28,000 workers redundant, even though the terms of their departure were generous, even by German standards.

Today—only three and a half years later—Herr Schmücker is the golden boy of German industry and the stock market's darling. Anybody who had the foresight to buy the group's DM50 nominal shares in 1974 when they were trading at around DM7½ must be well satisfied with today's price of about DM260.

Under Herr Schmücker's leadership Volkswagen has enjoyed two extraordinarily good years and now seems set for a third. In 1976 the DM1bn losses of the previous two years were more than wiped out, while in 1977 the company's net profit amounted to DM419m. This week, VW jubilantly announced that its first half net profit of DM365m was more than a third up on those of the opening six months of 1977 and that shareholders could look forward to a sizeable increase for the full year.

Success, of course, always breeds envy and there are those who enthusiastically point out that when Schmücker took over the group the seeds of recovery were already evident. Volkswagen, they claim, had already got over the traumatic decline of the "Beetle" model—the economic miracle on wheels, so to speak—and had already introduced its success story of the 1970s—the Golf.

Team man

While this may be true, it did not look that way at the time. In early 1975 the motor industry appeared to be in the depths of a long-lasting recession. Volkswagen's deliveries the previous year had fallen by ten per cent and during 1975 were to drop even further. Even in 1977 there were still a full 77,000 units under the vintage 1971 figures.

Herr Schmücker's triumph is that he transformed a demoralised management team into one of the best in German industry. In face of considerable opposition.

Undoubtedly, Herr Schmücker, the classical team man, would be the last to claim the sole credit for VW's success. But in sport and career alike, he obviously relishes a challenge. He brought to the group an irresistible mixture of American-German management expertise accumulated during more than 20 years with Ford of Germany where he was a senior executive board member. He also built up a considerable knowledge of handling troubled companies during his seven years as chief executive of Rheinmetall, the steel, engineering and shipbuilding group, which he piloted through its merger with Thyssen.

Herr Schmücker, 57 years old and married with two children, is now preparing to guide the company in new directions. For Volkswagen, which only one and a half years ago was gloomily contemplating accumulated losses of DM1bn, has so much cash in hand it is contemplating a major acquisition. It plans to acquire a stabilising "second leg" to offset the problems caused by the traditionally cyclical pattern of consumer demand in the motor industry.

U.S. confirms plan to draw on IMF

BY JUREK MARTIN, U.S. EDITOR

A SENIOR U.S. Treasury official confirmed today that major foreign currency drawings by the U.S. from the International Monetary Fund are "under consideration."

Answering questions at a Congressional hearing, Mr. C. Fred Bergsten, Assistant Secretary for International Affairs, said that no policy decision to go ahead with a drawing had been taken. But he also pointed to the possible use by the U.S. of its \$3.1bn (£1.6bn) holding of the IMF's Special Drawing Rights to buy Deutsch Marks or other foreign currencies.

He disclosed that the agreement reached with West Germany in March under which the U.S. undertook to sell \$750m worth of SDRs for the German currency had not been put into effect because it had proved unnecessary.

By confirming possible recourse to the IMF and by drawing public attention to sales of SDRs, Mr. Bergsten was clearly seeking to leave the impression that the U.S. is prepared to use a wide range of policies in pursuit of stability in the foreign exchange markets.

He lent further credence to the possibility of going to the IMF for financial aid by pointing out that such an operation would probably deplete the IMF's hard currency pool as to require activation of the General Arrangement to Borrow (GAB).

Earlier, Mr. Bergsten had been sceptical about the value of an

other policy option to defend the dollar—of allowing payment to be made in D-Marks at the monthly U.S. Treasury gold auctions.

In April, the U.S. and West technical aspects of such an operation, but Tuesday's announcement of expanded gold sales made the point that, for the foreseeable future, the rules of the auctions—i.e. payment in dollars—would remain unchanged.

In another development on the currency front, Treasury officials confirmed this morning that Mr. Michael Blumenthal, the Treasury Secretary, and Mr. Anthony Solomon, his deputy dealing with monetary affairs, had secretly conferred last week-end in Florida with Sheikh Mohammed Abulhal, the Saudi Finance Minister.

The briefing, at the Saudi request, was instrumental in the U.S. believes, in the subsequent assertions of confidence in the dollar, given in a newspaper interview with Saudi Crown Prince Fahd, published on Wednesday.

Prince Fahd said that Saudi oil would continue to be priced in dollars, not a basket of currencies, and promised further moderation on the pricing front.

Less comforting to the Administration, however, is the spectre of last week-end's Congressional bargain over natural gas pricing.

Confidence

Government to take some North Sea royalties in oil

BY KEVIN DONE, ENERGY CORRESPONDENT

THE GOVERNMENT has surprised the oil industry by deciding to take some royalty payments from North Sea fields in crude oil rather than cash.

The State takes a royalty of 12½ per cent on all crude produced offshore. So far it has taken this effect in money rather than in oil.

But the Department of Energy announced yesterday that it is opening discussions with a number of the companies operating in the North Sea with a view to taking royalties in crude oil in the second half of next year.

The move will not apply to all fields, and in the first six months of next year, the Government will be taking only part of its payments in kind, an average of about 25 per cent of all the royalties due.

North Sea oil production is expected to reach between 80m and 95m tonnes next year.

But the Energy Department said it expected to take only about 1.5m tonnes of oil in royalty payments in the second half of 1978, the rest coming in cash. It would be open to it to take as much as 5m to 6m tonnes over the six months.

Transactions

The oil will be marketed by the British National Oil Corporation, although no arrangements have yet been worked out to cover these transactions. It is possible that BNOC could have to buy the oil from the State, or it could simply act as the Government's agent, perhaps taking a fee for its services.

Certainly the royalty oil will add to BNOC's growing role as crude oil trader. By the end of this year the State oil corporation could be disposing of as much as 175,000 barrels of oil a day, made up of equity, participation and purchased crude.

This will grow substantially next year and will be added to the second half by about 60,000 barrels a day of royalty crude.

WASHINGTON, August 25.

a key part of the Energy Bill, falling apart a strange coalition of Left and Right formed yesterday on Capitol Hill with the announced intention of defeating the natural gas bill.

Peter Riddell, Economics Correspondent, writes:

The dollar advanced against most other currencies yesterday following yesterday's report that the U.S. administration was considering making an IMF drawing.

Rates fell back slightly later in quiet trading which continued the uneven pattern of the week in which the dollar has made small net gains after a series of short-lived rallies.

The dollar rose to a peak of DM 2.0100 yesterday before closing at DM 2.0090, compared with DM 2.0010 previously and DM 1.9910 a week ago.

The fluctuations in the dollar have been smaller this week than earlier in the month as dealers have been more cautious in taking positions either against or in favour of the dollar in the face of the series of U.S. initiatives aimed at stabilising the currency.

The gold price has, however, shown large changes after the announcement of the increase in the amount offered at the U.S. monthly auctions. After a fall of \$2½ yesterday to \$198½, the price of an ounce in London ended \$12 down on the week.

Sterling closed slightly lower on the week at \$16270, compared with \$16450. The trading-weighted index slipped by 0.1 during the week to 62.2.

In the 1980s BNOC could be handling 800,000 to 1m barrels a day of crude from the North Sea, which would give it control of 7 to 10 per cent of the world's total output of premium low-sulphur crude—oil that is sought after for making light products such as petrol and chemical feedstocks.

The Department refused to disclose whether the fields from which it will be seeking royalty payments in oil. But it is understood that they will include the bigger discoveries such as BP's Forties Field, Occidental's Piper and Claymore Fields and Mobil's Beryl Field.

The Government must give at least six months' warning when it wishes to take royalties in oil, and companies can appeal against the decision to Mr. Anthony Wedgwood Benn, the Energy Secretary.

He must take into account how far the new arrangement would disturb companies' existing supply operations.

American postal workers reject pay deal

BY JOHN WYLES

NEW YORK, August 25.

THE CARTER Administration was faced today with its second major industrial relations crisis of the year when the U.S. postal service's biggest union flatly rejected a proposed three-year pay settlement.

Members of the American Postal Workers' Union voted by about 98,000 to 78,000 against the contract negotiated and recommended for acceptance by their union leaders according to a preliminary ballot result.

This means the U.S. postal service's two largest unions have now turned down the proposals. The leaders of both bodies are mandated to call an illegal national strike unless negotiations are resumed early next week.

Underlining the seriousness of the situation, Mr. Wayne Harvitz, the Federal Mediation and Conciliation Service director, has scheduled meetings between the two sides.

The postal service is adamant that the dispute should now go to binding arbitration as required under the law establishing it as an independent agency in 1970. It is not clear whether union leaders will ignore their mandates and accept this or whether they will call a strike and thus invite the U.S. postal service to seek a court order forcing them to resume normal working.

Call in army

Many rank and file workers may, however, ignore these national developments and walk out of their jobs next week. In this event, the postal service is expected to call on the Pentagon for the employment of available military personnel to deliver the mail.

The potential disruption is only one aspect of the problem for the Carter Administration, which will be anxious to prevent a repetition of the blow delivered to its anti-inflation policy by the unions' settlement in the spring.

The proposed postal settlement would give 19.5 per cent increases in pay and benefits over three years.

Should the postal service be forced to increase the settlement through arbitration or negotiation, the case of pay restraint will be further damaged while the postal service may have difficulty pegging mail charges for the next two and a half years as it promised to do when the recent settlement was announced.

Weather

UK TO-DAY
DRY, sunny intervals.
London, South, Cent. Southern,
S.W. and Cent. Northern
England, Midlands, Channels Is,
Wales

Dry, bright or sunny periods.
Max. 19-20°C (67°F)
E. Anglia, E. and N.E. England
Sunny intervals, cool. Max.
17°C (63°F)

North Wales, N.W. England,
Lake Dist., Isle of Man,
S.W. Scotland, Glasgow,
Cent. Highlands

Dry, bright or sunny periods.
Max. 17°C (63°F)
Borders, Edinburgh, Dundee and
Aberdeen Areas, Moray Firth
Sunny intervals, cool. Max.
14°C (57°F)

N.E. Scotland, Orkney, Shetland
Cloudy, occasional showers.
Max. 10°C (50°F)
Argyll, N.W. Scotland, Ireland
Mainly dry, bright intervals.
Max. 16°C (61°F)

Outlook: Dry with sunny
periods. Temperatures near
normal.

BUSINESS CENTRES

City	Day	Time	City	Day	Time
Amsterdam	15	04	Manchester	17	03
Bombay	16	01	London	18	01
Buenos Aires	16	01	Madrid	18	01
Calcutta	16	01	Paris	18	01
Canton	16	01	Rome	18	01
Colon	16	01	Stockholm	18	01
Hankow	16	01	Sydney	18	01
Harbin	16	01	Tokyo	18	01
Hong Kong	16	01	Wellington	18	01
Kobe	16	01	Yokohama	18	01
London	16	01			
Lyons	16	01			
Manila	16	01			
Medan	16	01			
Osaka	16	01			
Shanghai	16	01			
Singapore	16	01			
Taipei	16	01			
Tientsin	16	01			
Yokohama	16	01			

HOLIDAY RESORTS

City	Day	Time	City	Day	Time
Algeria	15	04	Jersey	17	03
Amman	16	01	Las Palmas	18	01
Bahia	16	01	Los Angeles	18	01
Batavia	16	01	Madrid	18	01
Bombay	16	01	Manila	18	01
Buenos Aires	16	01	Paris	18	01
Calcutta	16	01	Rome	18	01
Canton	16	01	Stockholm	18	01
Colon	16	01	Sydney	18	01
Hankow	16	01	Tokyo	18	01
Harbin	16	01	Wellington	18	01
Hong Kong	16	01	Yokohama	18	01
Kobe	16	01			
London	16	01			
Lyons	16	01			
Manila	16	01			
Medan	16	01			
Osaka	16	01			
Shanghai	16	01			
Singapore	16	01			
Taipei	16	01			
Tientsin	16	01			
Yokohama	16	01			

Uranium mining pact agreed

BY LAURIE OAKES IN CANBERRA AND KENNETH MARSTON IN LONDON

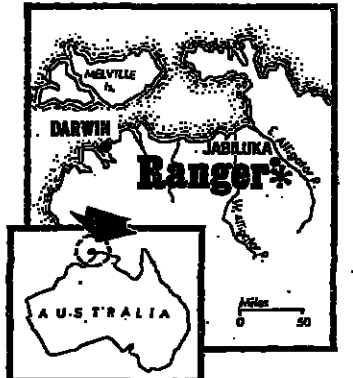
WORK CAN start soon on the Ranger uranium project in Australia's Northern Territory after an agreement on royalty terms and conditions reached yesterday between the Government and Aboriginal representatives.

The agreement marks an important break-through in Australia's progress towards becoming possibly the world's leading supplier of uranium.

After the long delays because of environmental and political considerations, the question of royalties has appeared to be the last major hurdle to the start of extraction of the big uranium deposits which have been discovered in the Northern Territory.

For Ranger, the agreement opens the possibility of construction being started before work is halted by the wet season which is due in November. For the rest of the field, notably Pancontinental's Jabulba, a settlement on the basis of 4½ per cent royalty payments to the Aboriginals—which is understood to be the case for Ranger—would probably be readily accepted.

Details of the Ranger agreement have not been announced.



Ranger

but the Northern Land Council—a statutory body representing Aboriginals—is known to have accepted a Government offer of 4½ per cent royalty payments with a lump sum payment of A\$1.3m (£774,000) plus \$200,000 a year during the construction phase.

Mr. Douglas Anthony, Minister for Trade and Resources, and Mr. Galarwuy Yunupingu, chairman of the Northern Land Council, said in a joint statement yesterday that there had been agreement on the terms and conditions under which the Ranger

consortium "may enter and carry out mining on the land containing the Ranger uranium deposits."

They said details would be made public when documents giving effect to the agreement had been signed.

Construction work on the site is now expected to start on September 11, when the final agreement is signed by the council and the Ranger consortium's partners, Peko-EZ Industries and the Government.

Government sources say full-scale mining should be under way within 2½ years. When mining is in full swing the royalty agreement will be worth about A\$10m a year to the 22 Aboriginal communities which make up the Northern Land Council.

The agreement follows five months of negotiations. In May the council hired a New York lawyer, Mr. Stephen Zorn, to head its negotiating team.

The Government originally offered royalties of 3½ per cent. It raised the offer to avoid the need for the issue to go to arbitration—a step which would have delayed a start on the Ranger development.

Continued from Page 1

A-plant staff checks

health and safety of our members," he commented.

Last week, 12 workers at Aldermaston were found to have twice the permitted level of plutonium in their bodies than that recommended by international safety recommendations. This disclosure, brought about by a new monitoring system being installed at Aldermaston, was followed by the closure of a special laundry, where three of the 12 people worked, and a research block affected worked. These closures affected about 50 people.

The new closures will affect several hundred employees at the plant who have all been redeployed in other "non-active" areas. Checks for plutonium

contamination, using whole body monitoring, have been stepped up.

The Institution of Professional Civil Servants, which represents 1,000 white-collar workers at British Nuclear Fuels' Windscale plant yesterday threatened court action to implement a special "hostility" payment which was awarded to workers there.

The Government has decided against paying the 5p an hour allowance already given to manual workers to compensate for the "intense hostility" of the public and media to operations at the Cumbria plant. Mr. Anthony Wedgwood Benn, Energy Secretary, said the allowance could only be paid when it came within pay policy settlements.

Continued from Page 1

Air chaos

their traditional return from holiday.

Charter companies operating between France and Spain have laid on extra coach services and extra trains will be running in France over the holiday weekend.

In Britain, the British Airports Authority said that delays had started to build-up last night and there was every prospect that they would continue to do so over the weekend.

● The Spanish Government has issued an official protest to the British Government over the decision to move Iberia, the Spanish airline, from Heathrow to Gatwick.

THE LEX COLUMN

The stock market as swingometer

Yesterday's glowing remarks by the Chancellor of the Exchequer in Edinburgh bore all the hallmarks of a pre-election campaign speech. Talk of a five per cent rise in living standards and a halving of the inflation rate over the past year rekindled memories of the Macmillan era when "we had never had it so good." Certainly, the recent economic indicators are all pointing to a pre-election consumer-led boom.

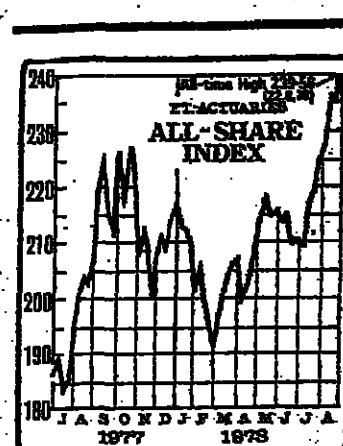
During the 1950s there seemed to be a fairly well-established correlation between the behaviour of the stock market and the outcome of the elections. The Conservatives came to power in 1951 and in the run-up to the 1955 election they let the economy have its head in a way which was strongly reflected in the equity indices. Much the same happened in 1959 and both elections roughly coincided with the ending of strong bull markets.

In 1964 the pattern seemed to be repeated but the bull market was less pronounced and the Conservatives were pipped at the post by Labour. The stockmarket went nowhere over the next 18 months ahead of Labour's second general election, when it was returned with an increased majority. Equities then drifted lower, recovered strongly in 1967/68 and then fell away again ahead of the 1970 election which saw a surprise victory for the Conservatives. This was predictably good news for equities and the FT Industrial Ordinary share index peaked in mid-1972.

However, once again the peaking of the equity market well over a year ahead of the next election augured badly for the incumbent government and the Conservatives subsequently lost during the middle of the severe 1973/74 bear market. Under the current administration the stock market continued going rapidly downhill with the FT Industrial Ordinary share index reaching a lowpoint around 150 at the end of 1974—nine months after the election.

Since then the stock market has recovered smartly and share prices have risen more strongly under the current administration than under any other. The message seems to be that where elections coincide with a bull market, the incumbent government has a very good chance of being returned to power.

Index rose 4.1 to 513.4



That may be good news for Mr. Callaghan, but given that past bull trends have quickly petered out after the poll it is not much comfort for investors.

Allied/Lyons

Neither Allied Breweries nor the pension funds has anything to gain from a protracted public brawl, and the two sides yesterday decided to patch up their quarrel. Allied, eating its humble pie, to the extraordinary meeting, although as recently as Thursday it was obliged to do so either legally or morally. For their part, the funds are no longer pressing for a resolution calling for shareholders' approval for the issue of shares, and are certainly not (if they ever were) trying to get new conditions attached to the Lyons offer before it goes out next Thursday.

So the pension funds have accepted a time resolution which simply proposes that the Lyons acquisition should be noted "with approval." In the unlikely event of that resolution being turned down the acquisition would still go through—leaving the Allied directors, however, with an effective vote of no confidence outstanding against them.

The underlying issue in all this is the extent to which shareholders should have a right of veto—or to put it more mildly, of consultation—when companies propose major deals. At present the line is drawn according to Stock Exchange rules, which set 25 per cent as the increase in assets or profits which requires a share-

holders' meeting. But this is not the same as a legal decision, which is why learned counsel have been able to offer opposite opinions to the sides this week.

Clearly what has moved pension funds is that the takeover of such a large business—Lyons—with turnover of £500m, and capital employed £300m—has somehow fallen outside the normal definition of a major deal. Indeed, because Allied has also made large disposal of Trust House Forte shares recently is obliged by the Stock Exchange to provide shareholders with details in a Class I circular. There is certainly a case for applying an absolute, as well as proportional, significance test.

Jobbers

There must be signs of rot at Smith Bros, the jobbers, "personality problems" put end to the planned merger with Bisgood Bishop. The latter figures for the year to April reveal a small net loss.

Things are going better now with improved volume in a rising market but Bisgood Bishop management is under no illusions that the position is satisfactory. The second half was a reminder of how difficult it is to make jobbing profits in a flat market. The first half is now re-emphasising jobbing in the second line stocks where there is more of a turn to be made.

At the same time Bisgood directors are casting around for other sources of profit. They might emulate Smith Bros, dealing in foreign securities, that was one of the attractions to Bisgood of the proposed merger. They might diversify away from the securities business altogether. They might even—dare one suggest it—join forces with a stockbroker, if the wind of change blows through the Stock Exchange with sufficient force. Mr. Bisgood remarks ruefully in his year-end statement that if his firm had been able to ear commissions "our figures would have been very different."

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